

Public Document Pack

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To:

Co-opted Members: Brian Harvey (Chair), Sally Ellis and Allan Rainford

Councillors: Teresa Carberry, Andy Hughes, Ted Palmer, Andrew Parkhurst and Linda Thew

18 July 2024

Dear Sir/Madam

NOTICE OF REMOTE MEETING
GOVERNANCE AND AUDIT COMMITTEE
WEDNESDAY, 24TH JULY, 2024 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 - 10)

Purpose: To confirm as a correct record the minutes of the meeting held on 26 June 2024.

4 **DRAFT STATEMENT OF ACCOUNTS 2023/24** (Pages 11 - 162)

Report of Corporate Finance Manager -

Purpose: To present the draft Statement of Accounts 2023/24.

5 **SUPPLEMENTARY FINANCIAL INFORMATION TO DRAFT STATEMENT OF ACCOUNTS 2023/24** (Pages 163 - 168)

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 **SOCIAL SERVICES CARE INSPECTORATE WALES, PERFORMANCE EVALUATION INSPECTION NOVEMBER 2023 - ACTION PLAN UPDATE** (Pages 169 - 212)

Report of Chief Officer (Social Services) -

Purpose: To update on the outcome of the Social Services Care Inspectorate Wales Performance Evaluation Inspection in November 2023 including the resulting action plan based on the report's recommendations.

7 **TREASURY MANAGEMENT ANNUAL REPORT 2023/24 AND Q1 UPDATE 2024/25** (Pages 213 - 248)

Report of Corporate Finance Manager - Cabinet Member for Finance and Social Value

Purpose:

1. To present to Members the draft Treasury Management Annual Report 2023/24 for comments and recommendations 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 of June 2024.

8 CERTIFICATION OF GRANTS AND RETURNS 2022/23 (Pages 249 - 266)

Report of Corporate Finance Manager -

Purpose: To inform Members of the grant claim certification by Audit Wales for the year ended 31 March 2023.

9 ANNUAL GOVERNANCE STATEMENT 2023/24 (Pages 267 - 316)

Report of Chief Officer (Governance) -

Purpose: To endorse the Annual Governance Statement for 2023/24.

10 AUDIT WALES - AUDIT PLAN 2024 (Pages 317 - 340)

Report of Chief Executive -

Purpose: To review the Audit Wales - Audit Plan 2024 for the Council which sets out the proposed audit work for the year along with timescales, costs and the audit teams responsible for carrying out the work.

11 INTERNAL AUDIT ANNUAL REPORT (Pages 341 - 362)

Report of Internal Audit, Performance and Risk Manager -

Purpose: To inform Members of the outcome of all audit work carried out during 2023/24 and to give the annual Internal Audit opinion on the standard of internal control, risk management and governance within the Council.

12 INTERNAL AUDIT PROGRESS REPORT (Pages 363 - 406)

Report of Internal Audit, Performance and Risk Manager -

Purpose: To present to the Committee an update on the progress of the Internal Audit Department.

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

26 JUNE 2024

Minutes of the Governance and Audit Committee of Flintshire County Council held as a remote attendance meeting on Wednesday, 26 June 2024

PRESENT: **Brian Harvey (Chair)**

Co-opted Members: Sally Ellis and Allan Rainford

Councillors: Ted Palmer and Andrew Parkhurst

Substitutes: Councillors: Ryan McKeown (for Teresa Carberry); Allan Marshall (for Andy Hughes); and Jason Shallcross (for Linda Thew)

ALSO PRESENT: Councillors: Linda Thew attended as an observer

APOLOGIES: Councillor Ian Roberts (Leader of the Council); Councillor Linda Thomas (Cabinet Member for Corporate Services); Lisa Brownbill - Internal Audit, Performance and Risk Manager; Charles Rigby and Mike Whiteley from Audit Wales

CONTRIBUTORS: Councillor Paul Johnson (Cabinet Member for Finance and Social Value); Chief Executive; Chief Officer (Governance); Corporate Manager - Capital Programme and Assets; Strategic Policy Advisor; Strategic Performance Advisor; Principal Auditor; and Service Manager - Enterprise and Regeneration (for minute no. 6)

Carwyn Rees and Lora Williams from Audit Wales

IN ATTENDANCE: Democratic Services Officer

1. APPOINTMENT OF CHAIR ([Link to recording](#))

RESOLVED:

That Brian Harvey be appointed Chair of the Committee for the 2024/25 municipal year.

2. SUBSTITUTION

In line with Constitutional requirements, the Committee agreed to allow Councillors Ryan McKeown, Allan Marshall and Jason Shallcross (who had undertaken the requisite training) to substitute for Councillors Teresa Carberry, Andy Hughes and Linda Thew.

RESOLVED:

That Councillors McKeown, Marshall and Shallcross be permitted as substitutes for the meeting.

3. **APPOINTMENT OF VICE-CHAIR** ([Link to recording](#))

RESOLVED:

That Sally Ellis be appointed Vice-Chair be appointed Vice-Chair of the Committee for the 2024/25 municipal year.

4. **DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)**

RESOLVED:

None.

5. **MINUTES**

RESOLVED:

That the [minutes](#) of the meeting held on 10 April 2024 be approved as a correct record.

6. **'TOGETHER WE CAN' COMMUNITY RESILIENCE AND SELF-RELIANCE**
([Link to recording](#))

The Service Manager (Enterprise and Regeneration) presented a [report](#) to seek assurance on the Council's response to the audit undertaken by Audit Wales.

The recommendations were supported, noting that Cabinet had already received the report and recognised the contribution of the voluntary sector to the communities of Flintshire.

RESOLVED:

(a) That the Committee notes the findings and recommendations of the Audit Wales "Together we can' Community resilience and self-reliance" report;

(b) That the Committee notes the recommended response in relation to Audit Wales' recommendations and supports this being reported to appropriate Committees in June 2024; and

(c) That the Committee recognises the work of numerous voluntary organisations and individuals across the County.

7. **DIGITAL STRATEGY - AUDIT WALES REVIEW, RECOMMENDATIONS AND PROPOSED ACTIONS** ([Link to recording](#))

The Chief Officer (Governance) presented a [report](#) to seek assurance on the Council's response to the findings of the audit undertaken by Audit Wales.

The recommendation in the report was supported, subject to a request that particular focus is given to the implementation of actions relating to Audit Recommendations 3 and 4 when the report is considered by the Corporate Resources Overview & Scrutiny Committee.

RESOLVED:

That the Committee notes the proposed action plan and requests that the Corporate Resources Overview & Scrutiny Committee gives particular focus to the implementation of actions relating to Audit Recommendations 3 and 4.

8. AUDIT WALES - USE OF PERFORMANCE INFORMATION: SERVICE USER PERSPECTIVE AND OUTCOMES ([Link to recording](#))

The Strategic Performance Advisor presented a [report](#) to seek assurance on the Council's response to the findings of the audit undertaken by Audit Wales.

In response to comments, the Chief Officer advised that an earlier milestone to approve the Consultation and Engagement strategy would be included in the action plan.

Due to concerns about the robustness of the action plan and data verification, a revised recommendation was agreed, also reflecting the comments made by the Corporate Resources Overview & Scrutiny Committee which had been forwarded to Cabinet.

RESOLVED:

That the Committee endorses the amended action plan in response to the recommendations for improvement.

9. AUDIT WALES: EQUALITY IMPACT ASSESSMENTS: MORE THAN A TICK BOX EXERCISE ([Link to recording](#))

The Corporate Manager - Capital Programme and Assets and Strategic Performance Advisor presented a [report](#) to seek assurance on the Council's response to the findings of the audit undertaken by Audit Wales.

The recommendation was supported.

RESOLVED:

That the Committee notes the progress to meet the recommendations of Audit Wales "Equality Impact Assessments: more than a tick box exercise?"

10. ANNUAL AUDIT SUMMARY FOR FLINTSHIRE COUNTY COUNCIL 2023 ([Link to recording](#))

The Chief Executive presented a [report](#) on audit and regulatory work completed by Audit Wales, since the last annual report, which was published in March 2023.

The recommendation was supported.

RESOLVED:

That the Committee is assured by the content and observations of the Auditor General for Wales' Annual Audit Summary Report 2023.

11. INTERNAL AUDIT CHARTER ([Link to recording](#))

The Principal Auditor presented a [report](#) on the updated Internal Audit Charter which included minor amendments following its recent review. She agreed to feedback to the Internal Audit Manager comments on whether the Charter should reflect information on first and second lines of defence.

The recommendation in the report was supported.

RESOLVED:

That the Committee approves the updated Internal Audit Charter.

12. ACTION TRACKING ([Link to recording](#))

The Principal Auditor presented a [report](#) on progress with actions from previous meetings of the Committee.

The recommendation in the report was supported.

RESOLVED:

That the Committee accepts the report.

13. FORWARD WORK PROGRAMME ([Link to recording](#))

The Principal Auditor presented the current [Forward Work Programme](#) for consideration.

The recommendations were supported, subject to the following requests:

- That reports for the July meeting be shared as early as possible, in particular the CIW Performance Evaluation report.
- That the Audit Wales report on financial sustainability be scheduled accordingly when available.
- That consideration be given to a future item on the 'three lines of defence' model.

RESOLVED:

(a) That the Forward Work Programme be accepted, as amended; 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.

14. MEMBERS OF THE PRESS AND PUBLIC IN ATTENDANCE

None.

(The meeting started at 10am and ended at 12.15pm)

Chair

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Meetings of the Governance and Audit Committee are webcast and can be viewed by visiting the webcast library at <http://flintshire.public-i.tv/core/portal/home>

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GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Wednesday 24 th July 2024
Report Subject	Draft Statement of Accounts 2023/24
Report Author	Corporate Finance Manager

EXECUTIVE SUMMARY

This report presents the Council's Statement of Accounts for the 2023/24 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 following a period of high inflation and the impact of the delay in the final certification of the 2022/23 accounts, Welsh Government have again set an extended framework for draft completion of 30th June - the accounts were completed and submitted for audit on 25th June 2024 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 25th November.

The statutory deadline for publishing the final audited Statement of Accounts for 2023/24 is 31st July 2024, 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 2023/24 (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 25 th 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 following a period of high inflation and the impact of the delay in the final certification of the 2022/23 accounts, Welsh Government have again set an extended framework for draft completion of 30 th June - the accounts were completed and submitted for audit on 25 th June 2024 which is within the framework – as required, a notice explaining the delay has been included on the Council’s website.
1.02	During 2023/24 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 2024.
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 25 th November for approval.
1.05	The statutory deadline for publishing the final audited Statement of Accounts for 2023/24 is 31 st July 2024, however the temporary framework set out by Welsh Government extends this to 30 th November.
1.06	Over the next three years, Audit Wales plan for a staged return to a 30 th September deadline for the certification of the Accounts, with this being achieved for the 2025/26 Accounts.
1.07	The Council’s draft Statement of Accounts have been prepared in accordance with the requirements of the 2023/24 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 has been included as a separate report elsewhere on this agenda for the Committee to review.
1.09	There were no significant revisions to the 2023/24 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.

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

	by the Accounts Governance Group, a group of senior officers including the Chief Executive, Monitoring Officer and Section 151 Officer.
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5.00	APPENDICES
5.01	1. Draft Statement of Accounts 2023/24

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	<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



2023-24

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 2024	12
Movement in Reserves Statement for the year ended 31 st March 2024	13
Balance Sheet as at 31 st March 2024	14 - 15
Cash Flow Statement for the year ended 31 st March 2024	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. National Health Services (Wales) Act 2006	47
30. Audit Fees	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	53 - 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 - 68

Supplementary Financial Statements:

Housing Revenue Account Income and Expenditure Account for the Year Ended 31 st March 2024	69
Movement on the Housing Revenue Account Statement for the Year Ended 31 st March 2024	70
Notes to the Housing Revenue Account for the Year Ended 31 st March 2024	70 - 72

Accounting Policies	73 - 88
----------------------------	---------

Group Accounts:

Flintshire County Council's Single Entity Financial Statements combined with its subsidiaries	89 - 96
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Flintshire County Council:

Independent Auditor's Report of the Auditor General for Wales to the Members of Flintshire County Council	97 - 100
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Annual Governance Statement	101 - 143
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NARRATIVE REPORT

INTRODUCTION

This narrative report summarises Flintshire County Council's Statement of Accounts for 2023/24 and details income and expenditure on service provision for the financial year 1st April 2023 to 31st March 2024 and the value of the Council's assets and liabilities as at 31st March 2024. 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 have been prepared in accordance with the 2023/24 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 and the delay in certifying the Accounts for 2022/23 meant that the Council was unable to finalise the Accounts within the earlier legislative deadline of 31st May 2024. 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 30th June 2024.

The Council set its budget for the 2023/24 financial year in the context of rising demand for its services and increases in inflation. Due to rising costs and continued increase in demand for essential services, expenditure exceeded the approved budget by £1.466m. The extent of the pressure on budgets was mitigated in part, through a combination of one-off savings, good financial management and control, which included a specific in-year moratorium on non-essential spend. Despite these significant challenges, the Council still managed to achieve 99% of its budgeted cost reductions in-year.

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 aspires 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 within these Accounts is technical and complex. The aim of this narrative statement is to provide a general guide to the items of interest and highlight some of the more significant matters that have contributed to the final position for the financial year ending 31st March 2024.

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 2023/28 sets out the Council's priorities and the significant things that the Council aims to achieve over the duration of the Plan. 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 2023/28 sets the Council's priorities for the five years, with a continued emphasis on supporting the most vulnerable, along with commitments to being a Green Council and reducing our carbon footprint. The Council Plan has seven high level priorities each with a number of sub-priorities and specific actions where the Council aims to make a positive impact this year and in the longer term. Priorities have been chosen as the areas in which the Council can add most value and make a positive and lasting difference.

The Council Plan is published on the Council's website and is a user-friendly document which clearly explains the rationale for each priority. A separate supporting document is reviewed annually which describes in more detail, the agreed actions, measures and risks to deliver improvements and/or change throughout the year.

Public reports which measure progress against this document are published half yearly, with the outturn for the year 2023/24, due to be reported to Cabinet in September 2024.

NARRATIVE REPORT

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 71.5% of the funding requirement for Council services comes from Welsh Government through Aggregate External Funding (Revenue Support Grant and share of Non Domestic Rates Pool). In 2023/24, there was an increase in funding of 8.3% (the Welsh average increased by 7.9%). Despite the increase, the Council still faced significant cost pressures from factors outside of the Council's control such as inflation, 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 continue in future years, so the way that the Council addresses this challenge will need 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 £9.265m of new cost reductions in our 2023/24 budget, enabling the Council to invest in priorities such as social care, out of county placements and homelessness demand.

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

Revenue outturn compared to approved budget 2023/24

The Council Fund budget for 2023/24 was set at £352.121m and was approved by Council on 23rd February 2023. Budget monitoring information was reported to Cabinet on a monthly basis throughout the year, with the final outturn due to be reported on 23rd July 2024.

The budget strategy for 2023/24 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

	2023/24 Budget £000	2023/24 Actual £000	Variance £000
Corporate Services :			
Chief Executive	1,672	1,660	(12)
People and Resources	4,672	4,488	(184)
Governance	11,943	11,821	(122)
Capital Programme & Assets	11,095	10,688	(407)
	<u>29,382</u>	<u>28,657</u>	<u>(725)</u>
Social Services	101,588	103,659	2,071
Housing and Communities	15,991	18,600	2,609
Streetscene and Transportation	42,227	43,477	1,250
Planning, Environment & Economy	7,557	6,775	(782)
Education and Youth	129,453	129,267	(186)
Net expenditure on services	326,198	330,435	4,237
Central loans and investment account	13,762	11,082	(2,680)
Central and Corporate Finance	10,493	10,656	163
Total net expenditure	350,453	352,173	1,720
Contribution from reserves	1,668	1,668	0
Budget requirement	352,121	353,841	1,720
Financed by			
Council tax (net of community council precepts expenditure)	100,126	100,380	(254)
General grants	201,154	201,154	0
Non-domestic rates redistribution	50,840	50,840	0
Total resources	352,121	352,375	(254)
Net variance - overspend	0	1,466	1,466

The net overspend of £1.466m combined with other agreed funding transfers resulted in year-end Council Fund revenue reserves of £15.271m.

North Wales Economic Ambition Board

As a member of the North Wales Economic Ambition Board (NWEAB) the Council is required to show its share (12.5%) of the Joint Committee's balances, income and expenditure in the Council's Balance Sheet and CIES. The Council's share of the balances included in the 2023/24 financial statements is £0.687m (£0.327m in 2022/23).

Further detail on the NWEAB can be found here:

<https://ambitionnorth.wales/ambition-north-wales/our-structure/the-north-wales-economic-ambition-board-members/>

NARRATIVE REPORT

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

	2023/24 Budget	2023/24 Actual	Variance
	£000	£000	£000
Estate Management	3,125	2,255	(871)
Landlord Services	1,766	1,712	(54)
Repairs & Maintenance	12,150	12,133	(17)
HRA Projects	126	(370)	(496)
Finance & Support	1,579	1,630	51
Revenue contributions to fund capital expenditure	12,712	12,752	41
Net expenditure on services	31,459	30,113	(1,346)
Central loans and investment account	7,010	6,848	(161)
Support Services	1,013	989	(24)
Total net expenditure	39,482	37,950	(1,531)
Contribution to reserves	(653)	824	1,477
Budget requirement	38,829	38,775	(54)
Financed by			
Rents	(38,531)	(38,615)	(84)
Grants and other income	(298)	(160)	138
Total resources	(38,829)	(38,775)	54
Net variance	0	0	0

The Council has exceeded the delivery targets for the existing Welsh Housing Quality Standards (WHQS), improving stock and providing quality homes. The Council achieved WHQS compliance in December 2021 and moved into the maintenance phase of the standard. The Council committed to continuous stock improvement works and have developed a capital programme which includes works to both internal and external components, such as kitchens, bathrooms, roof coverings, windows, and doors, along with further improvement works to the thermal performance measures.

The Capital Works Team have continued to work 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 £6.017m, has been utilised to fund a programme of retrofit works to trial energy efficiency measures, the findings of the 2-year trial have shown a reduction in energy costs to the contract holders.

The service area is currently in the process of reviewing the new Welsh Housing Quality Standards (WHQS 2023). The new guidance will be introduced from April 2024 into all Council specifications, delivery works and standards.

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 £2.263m at outturn compared with £2.171m 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 2023/24 capital programme was approved to the sum of £62.498m (HRA £29.457m and Council Fund £33.041m); this figure changed during the course of the year to a final programme total of £76.025m, (HRA £23.530m and Council Fund £52.495m). Capital programme budget monitoring information was reported to Cabinet and Corporate Resources Overview and Scrutiny Committee on a quarterly basis throughout the year, with the final outturn due to be reported on 23rd July 2024.

Capital expenditure incurred during the financial year is set out in the table below. 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.

	2023/24 Budget £000	2023/24 Actual £000	Variance £000
People and Resources	364	0	(364)
Governance	1,410	1,315	(95)
Education and Youth	11,664	10,266	(1,398)
Social Services	5,071	5,062	(9)
Planning, Environment & Economy	1,584	1,530	(54)
Streetscene and Transportation	10,279	6,531	(3,748)
Housing and Communities	2,269	2,240	(29)
Capital Programme & Assets	19,854	19,334	(520)
Housing Revenue Account	23,530	23,530	0
Programme Total	<u>76,025</u>	<u>69,808</u>	<u>(6,217)</u>

The programme was financed as follows -

	2023/24
	£000
Supported borrowing	4,025
Other borrowing (including Salix loans)	2,233
Capital receipts	5,672
Capital grants and contributions	44,038
Capital reserves/capital expenditure funded from revenue account	<u>13,840</u>
Core financing	<u>69,808</u>

NARRATIVE REPORT

Capitalisation Direction – Mockingbird Family Model

The Council is transforming 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 five year period will be funded by an interest free 'innovate to save loan' from Welsh Government which will be repaid. During the year £0.197m 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 priority is to continue to grow the housing stock through the Strategic Housing and Regeneration Programme (SHARP). This approach is intended to meet the emerging and changing needs of Flintshire's population and the challenges faced through increased numbers of people on the housing register, Single Access Route to Housing (SARTH), as well as the shrinking private sector rental market. The Council is currently in year 8 of the 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, works were completed on the 3 sites that commenced in 2022/23 along with development works for new build properties at various sites across the County. 13 properties have been purchased utilising the Welsh Government Transitional Capital Programme Grant "TACP" along with funding to bring HRA long term void properties back into use. For 2024/25, there are development works on 5 sites which will deliver an additional 77 properties.

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 74 units over the next three years which will bring the total number of properties owned and managed by NEW Homes to 247 by 2026/27. The Council has pre-approved loans to NEW Homes of up to £30.000m, in addition to a previous loan of £7.530m granted. 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 £12.000m of long term borrowing from the Public Works Loan Board (PWLB) during 2023/24 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 £302.322m includes the sum of £2.613m 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 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 UK inflation and wage growth remaining elevated, although on a likely downward trend over the first half of 2024.

NARRATIVE REPORT

Financial Position as at 31st March 2024

Reserves and Provisions

The Council sets funding aside to meet future liabilities and service developments in provisions and reserves held on the Balance Sheet as at 31st March 2024.

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 2024	Net	Other	31 March 2023
	£000	Overspend	£000	£000
		£000		
Council Fund (unearmarked) balance	15,271	(1,466)	(2,425)	19,162
Earmarked Council Fund reserves	19,671	0	(4,170)	23,841
Locally managed schools	3,336	0	(3,381)	6,717
Housing Revenue Account reserves	7,301	(274)	1,098	6,477
Total revenue reserves	45,579	(1,740)	(8,878)	56,197

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, emergency funding 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 £3.743m remained at the start of the year. The reserve was retained as a safeguard against the continuation of covid sickness cover, addressing existing pressures such as homelessness and to continue to support our partner organisations as they deal with the impact of high energy costs and other uncontrollable factors. In 2023/24, £0.526m was claimed against the reserve, leaving a balance of £3.217m at the end of March 2024. This balance will be transferred to enhance the Base Level Reserves for the 2024/25 financial year as approved by Council when setting the Budget.

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 Welsh Local Government Association, to ensure the stability of the Council's cash flow position. The work continues into the new financial year 2024/25.

NARRATIVE REPORT

Pension Liability

The pension deficit recorded in the balance sheet of £17.737m, has decreased by £59.986m 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 £794.983m (£667.088m as at 31st March 2023).

Revaluation of Non-Current Assets

All non-current assets 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 2023/24 (the fourth year of the current cycle, commencing 1st April 2020) 24% 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 economy 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 2023/24 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 are included in the accounts at their current carrying value i.e. valuation at last revaluation date less subsequent depreciation charged. During the year there have been movements in build costs, consequently impacting the carrying value of assets. An indexation has been applied to existing asset valuations to ensure the Accounts are not materially misstated as at 31st March 2024. 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. Inflation has reduced over the last 12 months and with expectations of further drops in the coming months, the attention has refocused on when the first cut in Bank Interest Rates will occur. Despite signs that activity may be picking up, economic growth is weak but wage growth, core and service inflation remain high. The Council also expects to continue to see increasing pressures and demands across all services.

A revision of the MTFS from 2025/26 and beyond is due to be presented to Cabinet in the summer and 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 2024/25 final local government settlement was disappointing for the Council, with an increase of 2.5% (the Welsh average increased by 3.3%), which is at a significantly lower level than the last couple of years. Welsh Government did not include any indication of all Wales revenue allocations for 2025/26 onwards which provides further uncertainty. The Council is likely to need to consider significant transformational service change and cost reductions over the medium term as inflationary and service demand will inevitably exceed the resources available, with early planning for 2025/26 to 2027/28 essential and underway.

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 are shared at Chief Officer Team meetings, the relevant Overview and Scrutiny Committees and Cabinet.

Financial risks include the availability of funding to ensure the sustainability of the Council and its subsidiaries such as NEW Homes and 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 2023/24 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 :

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 2024, and its income and expenditure for the year then ended.

Signed:



**Gary Ferguson CPFA
Corporate Finance Manager (Chief Finance Officer)**

Date:

25th June 2024

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).

2023/24

	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	1,660	0	1,660	(72)	1,588
Education & Youth	129,267	5,895	135,162	(5,152)	130,010
Governance	11,567	(212)	11,355	1,302	12,657
Housing & Communities	18,600	(347)	18,253	(9,906)	8,346
People & Resources	4,488	304	4,792	(269)	4,523
Planning, Environment & Economy	6,775	71	6,846	571	7,416
Social Services	103,658	1,272	104,930	(1,750)	103,180
Streetscene & Transportation	43,477	721	44,198	5,535	49,733
Central & Corporate Finance	23,407	1,150	24,557	(19,932)	4,625
Capital Programme & Assets	10,688	1,122	11,810	5,754	17,564
Housing Revenue Account (HRA)	274	(1,098)	(824)	(11,245)	(12,069)
Cost of services	353,861	8,878	362,739	(35,164)	327,573
Other Income and Expenditure	(352,121)	0	(352,121)	(5,129)	(357,250)
(Surplus)/deficit on the provision of services	1,740	8,878	10,618	(40,293)	(29,677)
Opening Council Fund / HRA Reserves			56,196		
In Year Revenue Surplus / (Deficit)					
Council Fund			(11,442)		
HRA			824		
Closing Council Fund / HRA Reserves			45,578		

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	15,814	145,655
Governance	10,684	912	11,596	2,886	14,482
Housing & Communities*	15,003	(1,360)	13,643	(9,336)	4,307
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	6,244	96,772
Streetscene & Transportation	40,913	518	41,431	7,825	49,256
Central & Corporate Finance	20,583	1,883	22,466	(18,073)	4,393
Capital Programme & Assets**	9,745	50	9,795	3,183	12,978
Housing Revenue Account (HRA)	(1,320)	82	(1,238)	(24,513)	(25,751)
Cost of services	322,349	9,000	331,349	(13,154)	318,195
Other Income and Expenditure	(326,682)	0	(326,682)	9,787	(316,895)
(Surplus)/deficit on the provision of services	(4,333)	9,000	4,667	(3,367)	1,300
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		

*Figures restated to exclude the Capital Programme & Assets service which is now separately disclosed.

**Figures restated to combine the previously separately disclosed Strategic Programmes services and elements previously included within the Housing & Communities portfolio.

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	2023/24			2022/23		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
		£000	£000	£000	£000	£000	£000
Service Expenditure Analysis							
Chief Executive's		1,676	(89)	1,587	1,888	(65)	1,823
Education & Youth		167,373	(37,362)	130,011	182,391	(36,736)	145,655
Governance		14,764	(2,108)	12,656	16,581	(2,099)	14,482
Housing & Communities*		45,802	(37,455)	8,347	42,358	(38,051)	4,307
People & Resources		5,162	(639)	4,523	5,998	(525)	5,473
Planning, Environment & Economy		13,781	(6,364)	7,417	15,873	(7,066)	8,807
Social Services		137,359	(34,179)	103,180	127,562	(30,790)	96,772
Streetscene & Transportation		78,018	(28,285)	49,733	74,770	(25,514)	49,256
Central & Corporate Finance		5,468	(843)	4,625	6,905	(2,511)	4,394
Capital Programme & Assets**		21,202	(3,638)	17,564	15,990	(3,012)	12,978
HRA		30,704	(42,774)	(12,070)	13,082	(38,833)	(25,751)
Cost of services		521,309	(193,736)	327,573	503,398	(185,202)	318,196
Other Operating Expenditure	4			35,609			33,316
Financing and Investment (Income) and Expenditure	5			11,515			16,687
Taxation and Non-Specific Grant (Income)	6			(404,374)			(366,899)
(Surplus)/deficit on the provision of services	3			(29,677)			1,300
(Surplus)/deficit arising on revaluation of non-current assets				(40,359)			(15,505)
(Surplus)/deficit arising on revaluation of available-for-sale financial assets				0			0
Actuarial (gains) or losses on pension assets and liabilities				(57,858)			(312,290)
Total comprehensive (income) and expenditure				(127,894)			(326,495)

*2022/23 figures restated to exclude the Capital Programme & Assets service which is now separately disclosed.

**2022/23 figures restated to combine the previously separately disclosed Strategic Programmes service and elements previously included within the Housing & Communities portfolio.

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 2023	49,720	6,477	19,149	15,142	90,488	576,600	667,088
In year movement in reserves							
Total comprehensive income and expenditure	14,535	15,141	0	0	29,676	98,218	127,894
Adjustments between accounting and funding basis under regulations	7 (25,977)	(14,317)	(4,136)	(2,707)	(47,137)	47,137	0
Increase/(decrease) in year	(11,442)	824	(4,136)	(2,707)	(17,461)	145,356	127,894
At 31st March 2024	38,278	7,301	15,013	12,435	73,027	721,956	794,983

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	(29,191)	27,891	0	0	(1,300)	327,795	326,495
Adjustments between accounting and funding basis under regulations	7 23,285	(26,653)	1,190	99	(2,079)	2,079	0
Increase/(decrease) in year	(5,906)	1,238	1,190	99	(3,379)	329,874	326,495
At 31st March 2023	49,720	6,477	19,149	15,142	90,488	576,600	667,088

BALANCE SHEET

	Note	31 March 2024		31 March 2023	
		£000	£000	£000	£000
NON-CURRENT ASSETS					
Property, Plant & Equipment	8				
Council dwellings		328,606		301,283	
Other land and buildings		499,539		471,600	
Vehicles, plant, furniture and equipment		19,768		20,212	
Surplus assets		3,327		4,319	
Infrastructure assets		156,361		156,994	
Community assets		5,524		5,408	
Assets under construction		44,705		16,160	
Total Property, Plant & Equipment			1,057,830		975,976
Investment properties and agricultural estate	9		29,340		29,092
Long term investments	11		3,659		3,659
Long term debtors	12		11,802		11,999
NON-CURRENT ASSETS TOTAL			1,102,631		1,020,726
CURRENT ASSETS					
Inventories		833		713	
Short term debtors (net of impairment provision)	13	77,775		79,110	
Short term investments	14	5,083		5,054	
Cash and cash equivalents	15	31,099		27,607	
Assets held for sale	10	513		306	
CURRENT ASSETS TOTAL			115,303		112,790
CURRENT LIABILITIES					
Borrowing repayable on demand or within 12 months	16	(44,204)		(19,908)	
Short term creditors	17	(48,798)		(56,861)	
Provision for accumulated absences	19	(4,151)		(6,722)	
Deferred liabilities	40	(654)		(621)	
Grants receipts in advance	18	(5,097)		(3,737)	
Provisions	19	(58)		(52)	
CURRENT LIABILITIES TOTAL			(102,962)		(87,901)
NON-CURRENT LIABILITIES					
Long term creditors	17	(1,185)		(1,140)	
Long term borrowing	20	(294,364)		(290,201)	
Deferred liabilities	40	(1,474)		(2,128)	
Provisions	19	(1,106)		(1,067)	
Other long term liabilities	43	(17,737)		(77,723)	
Grants receipts in advance	18	(4,123)		(6,268)	
NON-CURRENT LIABILITIES TOTAL			(319,989)		(378,527)
NET ASSETS			794,983		667,088

BALANCE SHEET

	Note	31 March 2024		31 March 2023	
		£000	£000	£000	£000
USABLE RESERVES					
Capital Receipts Reserve		15,013		19,149	
Capital Grants Unapplied		12,435		15,142	
Council Fund		15,271		19,162	
Earmarked Reserves	21	23,007		30,558	
HRA		7,301		6,477	
USABLE RESERVES TOTAL			73,027		90,488
UNUSABLE RESERVES					
Revaluation Reserve	22	231,589		200,081	
Capital Adjustment Account	22	516,498		465,567	
Financial Instruments Adjustment Account	22	(4,292)		(4,652)	
Pensions Reserve	22	(17,737)		(77,723)	
Deferred Capital Receipts		49		49	
Accumulated Absences Account	22	(4,151)		(6,722)	
UNUSABLE RESERVES TOTAL			721,956		576,600
TOTAL RESERVES			794,983		667,088

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	2023/24		2022/23	
		£000	£000	£000	£000
Net surplus or (deficit) on the provision of services		29,677		(1,300)	
Adjustment to surplus or deficit on the provision of services for non-cash movements		12,630		33,351	
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		<u>(42,798)</u>		<u>(33,034)</u>	
Net cash flows from operating activities	23		(491)		(983)
Net cash flows from investing activities	24	(20,505)		(17,004)	
Net cash flows from financing activities	25	<u>24,488</u>		<u>1,937</u>	
Net increase or (decrease) in cash and cash equivalents			<u>3,983</u>		<u>(15,067)</u>
			3,492		(16,050)
Cash and cash equivalents at the beginning of the reporting period	15		27,607		43,657
Cash and cash equivalents at the end of the reporting period	15		31,099		27,607

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 2023/24 (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	2023/24			
	Adjustments for Capital Purposes	Adjustments for Employee Benefit Purposes	Other Adjustments	Total Adjustments
	£000	£000	£000	£000
Note	a	b	c	
Chief Executive's	0	(72)	0	(72)
Education & Youth	339	(5,061)	(429)	(5,152)
Governance	1,693	(238)	(154)	1,302
Housing & Communities	2,697	(159)	(12,445)	(9,906)
People & Resources	0	(269)	0	(269)
Planning, Environment & Economy	1,478	(352)	(556)	571
Social Services	958	(1,360)	(1,348)	(1,750)
Streetscene & Transportation	7,054	(565)	(954)	5,535
Central & Corporate Finance	578	(299)	(20,211)	(19,932)
Capital Programme & Assets	4,677	(52)	1,128	5,754
HRA	8,562	(272)	(19,534)	(11,245)
Cost of services	28,036	(8,699)	(54,503)	(35,164)
Other Income and Expenditure from the	(39,879)	4,000	30,751	(5,128)
Differences between Council Fund / HRA and CIES surplus / deficit	(11,843)	(4,699)	(23,752)	(40,292)

Adjustments from Council Fund / HRA to arrive at CIES Amounts	2022/23			
	Adjustments for Capital Purposes	Adjustments for Employee Benefit Purposes	Other Adjustments	Total Adjustments
	£000	£000	£000	£000
Note	a	b	c	
Chief Executive's	0	217	0	217
Education & Youth	12,622	4,617	(1,425)	15,814
Governance	1,500	867	518	2,885
Housing & Communities*	2,258	526	(12,118)	(9,334)
People & Resources	0	915	1	916
Planning, Environment & Economy	1,498	969	(784)	1,683
Social Services	1,993	4,910	(660)	6,243
Streetscene & Transportation	7,593	2,010	(1,778)	7,825
Central & Corporate Finance	608	1,405	(20,086)	(18,073)
Capital Programme & Assets**	1,530	230	1,423	3,183
HRA	(6,395)	1,022	(19,140)	(24,513)
Cost of services	23,207	17,688	(54,049)	(13,154)
Other Income and Expenditure from the EFA	(27,828)	10,543	27,072	9,787
Differences between Council Fund / HRA and CIES surplus / deficit	(4,621)	28,231	(26,977)	(3,367)

*Figures restated to exclude the Capital Programme & Assets service which is now separately disclosed.

**Figures restated to combine the previously separately disclosed Strategic Programmes service and elements previously included within the Housing & Communities portfolio.

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		Revenues from		Interest Revenues		Interest Expense	
	External Customers		Transactions with other					
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000	£000	£000	£000	£000
Chief Executive's	(84)	(65)	0	0	0	0	0	0
Education & Youth	(4,969)	(4,920)	(2,059)	(2,012)	0	0	0	0
Governance	(1,737)	(1,785)	(1,062)	(1,145)	0	0	0	0
Housing & Communities*	(2,058)	(3,843)	(20)	0	0	0	0	0
People & Resources	(302)	(328)	(684)	(686)	0	0	0	0
Planning, Environment & Economy	(2,539)	(2,976)	(231)	(225)	0	0	0	0
Social Services	(13,512)	(11,746)	(147)	(136)	0	0	0	0
Streetscene & Transportation	(26,592)	(25,504)	(1,011)	(914)	0	0	0	0
Central & Corporate Finance	(676)	(4,147)	0	0	(3,010)	(1,508)	8,788	8,417
Capital Programme & Assets**	(5,738)	(5,488)	(573)	(529)	0	0	0	0
HRA	(40,051)	(38,519)	0	0	0	0	5,121	4,902
	(98,258)	(99,321)	(5,787)	(5,647)	(3,010)	(1,508)	13,909	13,319

*2022/23 figures restated to exclude the Capital Programme & Assets service which is now separately disclosed.

**2022/23 figures restated to combine the previously separately disclosed Strategic Programmes service and elements previously included within the Housing & Communities portfolio.

3. INCOME AND EXPENDITURE ANALYSED BY NATURE

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

Nature of Expenses	2023/24	2022/23
	£000	£000
Expenditure		
Employee benefit expenses	227,955	239,858
Other service expenses	270,178	251,638
Depreciation, amortisation & impairment	28,559	24,282
Interest payments	14,129	13,592
Precept and levies	35,280	32,663
(Gain) or loss on disposal of fixed assets	(553)	(174)
(Gain) or loss on disposal of investment property	(374)	(56)
	575,174	561,803
Income		
Fees, charges and other service income	(95,538)	(92,449)
Grants and contributions	(338,309)	(296,882)
Interest and investment income	(6,738)	(8,401)
Income from council tax and non-domestic rates	(164,266)	(162,771)
	(604,851)	(560,503)
(Surplus) or deficit on the provision of services	(29,677)	1,300

NOTES TO THE CORE FINANCIAL STATEMENTS

4. OTHER OPERATING EXPENDITURE

	2023/24	2022/23
	£000	£000
Precept - Office of North Wales Police and Crime Commissioner	21,922	20,653
Other preceptors - Community Councils	3,421	3,196
Levy - North Wales Fire and Rescue Authority	9,936	8,814
Net gain on the disposal of fixed assets	(553)	(174)
Admin. expenses on the net defined benefit liability	882	827
	35,608	33,316

5. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2023/24	2022/23
	£000	£000
Interest payable and similar charges	14,129	13,592
Investment losses and investment expenditure	1,197	1,795
Net interest on the net defined benefit liability	3,118	9,716
Interest and investment income	(6,739)	(8,400)
Net gain on the disposal of investment properties	(374)	(55)
Movement in expected credit loss on financial assets	182	39
	11,513	16,687

6. LOCAL TAXATION AND NON-SPECIFIC GRANT INCOME

	2023/24	2022/23
	£000	£000
Council tax income	(113,426)	(107,121)
Non-domestic rates	(50,840)	(55,650)
Non-ringfenced government grants	(201,154)	(176,529)
Capital grants and contributions	(38,953)	(27,599)
	(404,373)	(366,899)

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 2023/24 was 65,815 Band 'D' equivalent properties (65,194 in 2022/23).

NOTES TO THE CORE FINANCIAL STATEMENTS

The Flintshire County Council precept for a Band 'D' property in 2023/24 was £1,521.33 (£1,449.58 in 2022/23). 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	8.06	2,328.17	6,338.89	16,247.11	11,954.41	12,267.75	10,345.83	4,971.67	1,113.50	445.67

Other precepts added to 2023/24 council tax demand notices included the North Wales Police and Crime Commissioner precept in the sum of £21.922m (£20.653m in 2022/23) and 34 town and community councils who collectively raised precepts totalling £3.421m (£3.196m in 2022/23).

Analysis of the net proceeds from Council Tax -

	2023/24	2022/23
	£000	£000
Council tax collected	126,211	119,749
(Increase)/Decrease in bad debts provision	(10)	(78)
Council Tax Reduction Scheme	(12,298)	(11,796)
Amounts written off to provision	(477)	(754)
	<u>113,426</u>	<u>107,121</u>
Less - Payable to North Wales Police and Crime Commissioner	(21,922)	(20,653)
Less - Payable to Town and Community Councils	(3,421)	(3,196)
	<u>88,083</u>	<u>83,272</u>

Non-Domestic Rates (NDR)

NDR is organised on a national basis. The government sets the multiplier which in 2023/24 was 53.5p for all properties (53.5p in 2022/23). The Council is responsible for collecting the rates in its area, which are paid into the NDR pool administered by the Welsh Government (WG).

WG distributes NDR pool receipts to local authorities on the basis of a fixed amount per head of population. 2023/24 NDR income paid into the pool was £58.736m after relief and provisions (£61.251m in 2022/23), based on a year end rateable value total of £149.654m (£146.586m in 2022/23).

Analysis of the net proceeds from NDR -

	2023/24	2022/23
	£000	£000
NDR collected	55,098	58,610
Less - Paid into NDR pool	(58,736)	(61,251)
Less - Cost of collection	(430)	(350)
(Increase)/Decrease in bad debts provision	(21)	(64)
Relief Schemes	4,089	3,055
	<u>0</u>	<u>0</u>
Receipts from pool	<u>50,840</u>	<u>55,650</u>
	<u>50,840</u>	<u>55,650</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	
2023/24	£000	£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account:					
<i>Reversal of items debited or credited to the CIES:</i>					
Charges for depreciation and impairment of non current assets	9,840	8,473	0	0	(18,313)
Revaluation losses on property, plant and equipment	3,226	89	0	0	(3,315)
Movements in the market value of investment properties	(686)	0	0	0	686
Capital grants and contributions applied	0	0	0	(44,038)	44,038
REFCUS	6,407	0	0	0	(6,407)
Soft loan accounting adjustments	(103)	0	0	0	103
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	453	55	0	0	(508)
<i>Inclusion of items not debited or credited to the CIES:</i>					
Statutory provision for the financing of capital investment	(4,704)	(1,681)	0	0	6,385
Capital expenditure charged against the Council Fund and HRA balances	(1,087)	(12,752)	0	0	13,839
Adjustments involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to CIES	(33,063)	(8,268)	0	41,331	0
Adjustments involving the Capital Receipts Reserve:					
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(1,264)	(171)	1,736	0	(301)
Use of the Capital Receipts Reserve to finance new capital expenditure or repay debt	0	0	(5,872)	0	5,872
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	22,492	1,337	0	0	(23,829)
Employer's pensions contributions and direct payments to pensioners payable in the year	(24,549)	(1,408)	0	0	25,957
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	(2,581)	10	0	0	2,571
Adjustments between accounting & funding basis under regulations	(25,978)	(14,316)	(4,136)	(2,707)	47,137

NOTES TO THE CORE FINANCIAL STATEMENTS

	Usable Reserves				Unusable Reserves
	Council Fund Balance	HRA	Capital Receipts Reserve	Capital Grants Unapplied	
2022/23	£000	£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account:					
Reversal of items debited or credited to the CIES:					
Charges for depreciation and impairment of non current assets	13,301	(6,444)	0	0	(6,857)
Revaluation losses on property, plant and equipment	11,352	49	0	0	(11,401)
Movements in the market value of investment properties	(3,292)	0	0	0	3,292
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 between accounting & funding basis under regulations	23,285	(26,653)	1,190	99	2,079

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.

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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 2024. 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 2023/24

	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, 2023*	301,302	488,371	35,672	5,482	5,408	16,160	851,741
Additions and Acquisitions	22,226	7,696	4,830	4	121	22,054	56,931
Revaluation increases / (decreases) recognised in the Revaluation Reserve	6,671	21,684	0	10	0	0	28,365
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(7,797)	6,333	0	(1)	0	0	(1,465)
Assets Derecognised	(55)	0	(510)	(998)	0	0	(1,563)
Reclassifications	0	(11,632)	0	0	0	0	(11,632)
Other movements in cost or valuation	6,278	(337)	0	(1,008)	0	6,491	11,424
At 31st March 2024	328,625	512,115	39,992	3,489	5,529	44,705	933,801
Accumulated Depreciation and Impairment							
At 1st April, 2023 *	(19)	(16,771)	(15,460)	(1,163)	0	0	(32,759)
Depreciation charge	(4,980)	(16,245)	(5,274)	(44)	(5)	0	(26,548)
Depreciation written out to the Revaluation Reserve	20	13,910	0	78	0	0	14,008
Depreciation written out to the Surplus/Deficit on the Provision of Services	4,961	1,624	0	0	0	0	6,585
Impairments written out to the Revaluation Reserve	14	2,306	0	(17)	0	0	2,303
Impairments recognised in the Revaluation Reserve	(14)	(4,297)	0	(4)	0	0	(4,315)
Reversal of Impairments recognised in the Surplus/Deficit	21,151	6,298	0	17	0	0	27,466
Impairments written out to Surplus/Deficit on the Provision of Services	4,672	2,912	0	0	0	0	7,584
Impairments recognised in the Surplus/Deficit on the Provision of Services	(25,824)	(2,313)	0	(12)	0	0	(28,149)
Assets Derecognised	0	0	510	983	0	0	1,493
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0
At 31st March 2024	(19)	(12,576)	(20,224)	(162)	(5)	0	(32,332)
Balance Sheet at 31st March 2024	328,606	499,539	19,768	3,327	5,524	44,705	901,469
Balance Sheet at 1st April 2023	301,283	471,600	20,212	4,319	5,408	16,160	818,982
Nature of Asset Holding							
Owned	328,606	499,539	18,266	3,327	5,524	44,705	899,967
Finance Lease	0	0	1,502	0	0	0	1,502
At 31st March 2024	328,606	499,539	19,768	3,327	5,524	44,705	901,469

*Council Dwellings & Garages cost or valuation b/fwd figure restated by £-0.006m. Depreciation and Impairment b/fwd restated by £+0.006m. The impact on the net book value is nil.

*Other Land & Buildings cost or valuation b/fwd figure restated by £+0.660m. Depreciation and Impairment b/fwd restated by £-0.660m. The impact on the net book value is nil.

NOTES TO THE CORE FINANCIAL STATEMENTS

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)	4,324	0	0	0	0	4,074
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	6,906	(1,117)	0	(431)	0	0	5,358
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	301,308	487,711	35,672	5,482	5,408	16,160	851,741
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	12,654	0	0	0	0	12,676
Depreciation written out to the Surplus/Deficit on the Provision of Services	4,958	1,863	0	0	0	0	6,821
Impairments written out to the Revaluation Reserve	80	4,163	0	0	0	0	4,243
Impairments recognised in the Revaluation Reserve	(49)	(5,439)	0	0	0	0	(5,488)
Reversal of Impairments recognised in the Surplus/Deficit	22,380	5,469	0	0	0	0	27,849
Impairments written out to Surplus/Deficit on the Provision of Services	(2,324)	(1,590)	0	0	0	0	(3,914)
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)	(16,111)	(15,460)	(1,163)	0	0	(32,759)
Balance Sheet at 31st March 2023	301,283	471,600	20,212	4,319	5,408	16,160	818,982
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	471,600	18,164	4,319	5,408	16,160	816,934
Finance Lease	0	0	2,048	0	0	0	2,048
At 31st March 2023	301,283	471,600	20,212	4,319	5,408	16,160	818,982

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	2023/24	2022/23
	£000	£000
At 1st April	156,994	157,785
Additions	6,251	5,944
Depreciation	(6,884)	(6,735)
At 31st March	156,361	156,994

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
2023/24 Surplus Assets	0	684	2,642	3,326
2022/23 Surplus Assets	0	800	3,519	4,319

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

	2023/24	2022/23
	£000	£000
Cost or Valuation		
At 1st April	29,163	27,735
Reclassifications	0	(500)
Additions	217	71
Revaluation increases/(decreases) to Surplus/Deficit	686	3,005
Other adjustments	(438)	(1,148)
At 31st March	29,628	29,163
Depreciation and Impairments		
At 1st April	71	41
Reclassifications	0	245
Reversal of Impairments recognised in the Surplus/Deficit	0	(286)
Impairment / Depreciation	217	71
At 31st March	288	71
Balance Sheet at 31st March	29,340	29,092

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)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair Value as at 31 March
	£000	£000	£000	£000
2023/24				
Commercial and Industrial Estates	0	0	14,784	14,784
Agricultural Estate - Farms	0	12,211	0	12,211
Agricultural Estate - Grazing land	0	0	2,345	2,345
	0	12,211	17,129	29,340
2022/23				
Commercial and Industrial Estates	0	0	15,311	15,311
Agricultural Estate - Farms	0	11,380	0	11,380
Agricultural Estate - Grazing land	0	0	2,401	2,401
	0	11,380	17,712	29,092

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 2023/24 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 2023	0	231	75	306
Additions	0	0	0	0
Assets newly classified as held for sale	0	300	0	300
Assets declassified as held for sale	0	(93)	0	(93)
Net Reclassifications	0	207	0	207
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	0	0	0
At 31st March 2024	0	438	75	513

	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

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
2023/24 Assets Held for Sale	0	0	513	513
2022/23 Assets Held for Sale	0	0	306	306

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 2024	31 March 2023
	£000	£000
North East Wales Homes Ltd (NEW Homes)	3,659	3,659
	<u>3,659</u>	<u>3,659</u>

12. LONG TERM DEBTORS

	31 March 2024	31 March 2023
	£000	£000
Renewal and improvement loans	1,599	1,699
First time buyer loans	100	100
Affordable housing deposits	49	50
Private street works	51	50
Loans to NEW Homes	10,003	10,100
	<u>11,802</u>	<u>11,999</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

13. SHORT TERM DEBTORS

	31 March 2024	31 March 2023
	£000	£000
Housing Rents	2,208	2,125
Council Tax	5,668	5,133
Grants	28,676	31,691
Benefit Overpayments	1,499	1,607
Taxation	7,837	6,348
NDR	4,813	4,121
Lending	131	131
Payments in advance	5,370	8,595
North Wales Economic Ambition Board (NWEAB)	7,340	7,214
Other	14,352	11,991
NHS - Test, Trace, Protect	0	382
NHS	3,362	3,107
	81,256	82,445
Allowance for impairment losses and expected credit losses	(3,481)	(3,335)
	77,775	79,110

Analysis of age of Council Tax debt -

	31 March 2024	31 March 2023
	£000	£000
0-1 year	3,048	2,841
1-2 years	1,200	1,070
2-3 years	599	671
3-4 years	435	302
4-5 years	206	112
5+ years	180	137
	5,668	5,133

14. SHORT TERM INVESTMENTS

	31 March 2024	31 March 2023
	£000	£000
Investments (3 months – 365 days)	5,000	5,000
Accrued interest	83	54
	5,083	5,054

NOTES TO THE CORE FINANCIAL STATEMENTS

15. CASH AND CASH EQUIVALENTS

	31 March 2024	31 March 2023
	£000	£000
Cash	1,118	947
Cash - Call accounts	33,643	29,087
Cash overdrawn	(3,662)	(2,427)
	31,099	27,607

16. BORROWING REPAYABLE ON DEMAND OR WITHIN 12 MONTHS

	31 March 2024	31 March 2023
	£000	£000
Accrued interest on long term external borrowing	6,085	2,896
Loans maturing	4,240	2,262
Annuity/EIP loan repayments	3,213	2,253
Energy Efficiency Loans (from Salix Finance Ltd.)	495	487
Short term external borrowing	30,000	12,000
Accrued interest on short term external borrowing	171	10
	44,204	19,908

17. CREDITORS

	31 March 2024	31 March 2023
	£000	£000
Short Term		
Rents received in advance	486	448
Council Tax received in advance and accounts in credit	1,662	1,714
Deposits	440	438
Receipts in advance	4,476	6,191
Receipts in advance - Bus Emergency Scheme	0	5,150
Employee related	8,098	7,402
Other	33,636	35,518
	48,798	56,861
Long Term		
Deposits	416	398
Receipts in advance	620	593
Other	149	149
	1,185	1,140

NOTES TO THE CORE FINANCIAL STATEMENTS

18. GRANT INCOME

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

	2023/24	2022/23
	£000	£000
Credited to Taxation and Non-Specific Grant Income		
Revenue Support Grant	201,154	176,529
Total Non-Ringfenced Government Grants	201,154	176,529
WG:		
Major Repairs Allowance (MRA)	4,980	4,978
General Capital Grant	4,134	2,772
Housing with Care Fund	1,529	415
School Improvement Grant	401	2,524
Active Travel Fund	1,118	1,283
Childcare Offer Capital Grant	453	1,635
Optimised Retrofit	1,632	1,399
Free School Meals	0	1,767
Additional Learning Needs	1,002	1,010
Community Focus Grant	284	1,010
Integration and Rebalancing Capital Fund	2,217	0
Transitional Accommodation Capital Programme	1,077	292
Other WG Grants*	2,477	3,701
Arts Council Wales	16,214	4,302
Other Capital Grants and Contributions	1,435	511
Total Capital Grants and Contributions	38,953	27,599
	240,107	204,128

*2022/23 includes Sustainable Communities for Learning Grant (£0.259m) separately disclosed in 2022/23 and excludes Transitional Accommodation Capital Programme (£0.292m) now separately disclosed.

Credited to Services

WG

Housing Support Grant	7,829	7,682
Post 16	5,366	5,385
Education Improvement Grant	5,700	5,925
Children & Communities Grant	6,177	6,419
Pupil Deprivation*	0	5,674
Concessionary Fares	1,400	1,349
Regional Integration Fund	6,580	6,035
LA Education Grant	15,263	6,834
Social Services Workforce	1,954	1,951
Transitional Accommodation Capital Programme - Compensation	2,313	0
Bus Emergency Scheme/Bus Transition Fund	1,271	969
COVID-19 Hardship Funding	0	1,793
Ukraine Response Scheme	1,458	2,092
Other**	9,925	9,852
Department of Work and Pensions	26,454	25,973
GWE Contributions	948	1,131
Shared Prosperity Fund	1,112	28
Other Grants and Contributions	4,451	3,662
	98,201	92,754

*included with LA Education Grant for 2023/24.

**2022/23 includes Sustainable Waste Management Grant (£0.742m) separately disclosed in 2022/23 and excludes Bus Emergency Scheme (£0.969m) and Shared Prosperity Fund (£0.028m) now separately disclosed.

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 2024 £000	31 March 2023 £000
Short Term		
Revenue Grants	1,609	1,974
Capital Grants - NWEAB	2,990	1,425
Capital Contributions	310	99
Revenue Contributions	188	239
	5,097	3,737
Long Term		
Capital Grants - NWEAB	3,625	5,401
Revenue Contributions	305	365
Capital Contributions	193	502
	4,123	6,268

19. PROVISIONS

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

	31 March 2024 £000	Additions £000	Unwinding Discounting £000	31 March 2023 £000
Current Liabilities				
(A) Aftercare of former landfill sites	58	6	0	52
	58	6	0	52
Non-Current Liabilities				
(A) Aftercare of former landfill sites	1,106	17	22	1,067
	1,106	17	22	1,067

(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 2024	31 March 2023
	Minimum %	Maximum %	£000	£000
By Loan Type (Fixed Rate)				
Salix Finance (Energy Efficiency)		Interest Free	2,118	2,503
Government (PWLB)	1.16	9.50	271,571	267,024
Other financial institutions	4.48	4.58	18,950	18,950
WG		Interest Free	1,725	1,724
			294,364	290,201
By Maturity				
Between 1 and 2 years			6,445	6,985
Between 2 and 5 years			22,030	18,089
Between 5 and 10 years			44,750	36,525
More than 10 years			221,139	228,602
			294,364	290,201

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 2022	Transfers Out 2022/23	Transfers In 2022/23	Balance at 31 March 2023	Transfers Out 2023/24	Transfers In 2023/24	Balance at 31 March 2024
	£000	£000	£000	£000	£000	£000	£000
Service balances	4,697	(1,672)	3,159	6,184	(3,745)	887	3,326
School balances	12,292	(13,591)	8,016	6,717	(8,326)	4,945	3,336
Insurance Reserves	2,136	(557)	622	2,201	(722)	903	2,382
Cheque Books Schools	4	(4)	0	0	0	0	0
Employment Claims	110	0	0	110	0	0	110
Schools Intervention	491	(364)	579	706	(877)	222	51
Schools HwB ICT Replacement	263	0	263	526	0	263	789
Free School Meals	115	(85)	0	30	(30)	0	0
Flintshire Trainees	697	(134)	0	563	(241)	0	322
Workforce Costs	878	(35)	0	843	0	0	843
Investment in Organisational Change	1,618	(267)	0	1,351	(379)	0	972
Design Fees	250	0	0	250	(11)	0	239
Rent Income Shortfall	13	(13)	106	106	0	25	131
County Elections	292	(272)	55	75	(3)	303	375
Customer Service Strategy	22	0	0	22	(15)	0	7
ICT Servers	85	0	85	170	(170)	0	0
IT Infrastructure HwB	328	(15)	0	313	(173)	0	140
COVID-19 Inquiry	0	(18)	160	142	0	0	142
Organisational Change/ADM	274	0	600	874	(756)	483	601
Local Development Plan	242	(127)	0	115	(115)	0	0
Solar Farms	0	0	63	63	(51)	169	181
Supervision Fees	49	0	0	49	0	0	49
Warm Homes Admin Fee Income	298	0	18	316	(21)	0	295
NWEAB	210	0	121	331	0	360	691
Waste Disposal	49	(116)	116	49	(53)	4	0
Winter Maintenance	250	(180)	180	250	(250)	0	0
Car Parking	45	0	43	88	0	0	88
Community Benefit Fund NWRWTP	451	0	232	683	0	230	913
Severe Weather	250	0	0	250	0	0	250
20mph Scheme	0	0	111	111	(111)	0	0
Plas Derwen Wave 4	2	0	2	4	0	2	6
Grants & Contributions	10,776	(7,273)	3,563	7,066	(3,621)	3,323	6,768
	37,187	(24,723)	18,094	30,558	(19,670)	12,119	23,007

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.

	2023/24		2022/23	
	£000	£000	£000	£000
Balance at 1st April		200,081		192,915
Upward revaluation of assets	49,906		45,729	
Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	<u>(9,546)</u>		<u>(30,224)</u>	
Surplus or (deficit) on revaluation of non-current assets not posted to the surplus/deficit on the provision of services		40,360		15,505
Difference between fair value depreciation and historical cost depreciation	(8,837)		(8,060)	
Accumulated gains on assets sold or scrapped	<u>(15)</u>		<u>(279)</u>	
Amount written off to the capital adjustment account		(8,852)		(8,339)
Balance at 31st March		<u>231,589</u>		<u>200,081</u>

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.

	2023/24		2022/23	
	£000	£000	£000	£000
Balance at 1st April		(4,652)		(5,011)
Proportion of premiums incurred in previous financial years to be charged against the Council Fund balance in accordance with statutory requirements		<u>360</u>		<u>359</u>
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements		360		359
Balance at 31st March		<u>(4,292)</u>		<u>(4,652)</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 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.

	2023/24 £000	2022/23 £000
Balance at 1st April	(77,723)	(362,940)
Return on plan assets	37,577	(66,432)
Actuarial gains and (losses)	20,286	378,678
Net charges to surplus / deficit on provision of services	(23,829)	(53,582)
Employers' contributions payable to the scheme	25,957	26,509
Flintshire County Council's share of the remeasurements of the net pension defined benefit asset relating to NWEAB	(5)	44
Balance at 31st March	<u>(17,737)</u>	<u>(77,723)</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.

	2023/24 £000	2022/23 £000
Balance at 1st April	(6,722)	(5,563)
Settlement or cancellation of accrual made at the end of the preceding year	6,722	5,563
Amounts accrued at the end of the current year	<u>(4,151)</u>	<u>(6,722)</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	2,571	(1,159)
Balance at 31st March	<u>(4,151)</u>	<u>(6,722)</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.

	2023/24		2022/23	
	£000	£000	£000	£000
Balance at 1st April		465,567		427,276
Reversal of items relating to capital expenditure debited or credited to the CIES:				
- Charges for depreciation and impairment of non-current assets		(18,313)		(6,858)
- Revaluation losses on Property, Plant & Equipment		(3,315)		(11,401)
- Movements in the market value of investment properties debited or credited to the CIES		686		3,292
- REFCUS		(6,407)		(4,950)
- Soft loan accounting adjustments		103		177
- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES		(509)		(2,362)
		(27,756)		(22,102)
Adjusting amounts written out of the Revaluation Reserve		8,852		8,340
Net written out amount of the cost of non-current assets consumed in the year		(18,903)		(13,762)
Capital financing applied in the year:				
- Use of the capital receipts reserve to finance capital expenditure		5,672		1,428
- Capital grants and contributions credited to the CIES that have been applied to capital financing		44,038		30,344
- Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances		6,385		6,046
- Capital expenditure charged against the Council Fund and HRA balances		13,840		14,261
- Use of the capital receipts reserve to repay debt		200		195
Long term debtors adjustments - Loan repayments		(301)		(221)
		69,834		52,053
Balance at 31st March		516,498		465,567

NOTES TO THE CORE FINANCIAL STATEMENTS

23. CASH FLOW STATEMENT - OPERATING ACTIVITIES

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

	2023/24	2022/23
	£000	£000
Interest received	2,721	1,458
Interest paid	(10,757)	(13,542)

24. CASH FLOW STATEMENT - INVESTING ACTIVITIES

	2023/24	2022/23
	£000	£000
Purchase of property, plant & equipment, investment property and intangible assets	(63,401)	(50,063)
Purchase of short term and long term investments	(5,000)	(5,000)
Proceeds from the sale of property, plant & equipment, investment property and intangible assets	1,466	2,592
Proceeds from short term and long term investments	5,000	5,000
Other receipts from investing activities	41,430	30,467
Net cash flows from investing activities	<u>(20,505)</u>	<u>(17,004)</u>

25. CASH FLOW STATEMENT - FINANCING ACTIVITIES

	2023/24	2022/23
	£000	£000
Cash receipts of short term and long term borrowing	42,111	17,400
Cash payments for the reduction of the outstanding liability relating to finance leases	(621)	(590)
Repayment of short term and long term borrowing	(17,002)	(14,873)
Net cash flows from financing activities	<u>24,488</u>	<u>1,937</u>

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	2023/24		2022/23	
	Non-Schools	Schools	Non-Schools	Schools
	No.	No.	No.	No.
£60,000 - £64,999	16	41	23	36
£65,000 - £69,999	17	32	2	25
£70,000 - £74,999	0	32	3	17
£75,000 - £79,999	3	13	2	9
£80,000 - £84,999	2	15	0	2
£85,000 - £89,999	0	1	0	1
£90,000 - £94,999	0	5	0	6
£95,000 - £99,999	0	1	0	3
£100,000 - £104,999	0	6	0	1
£105,000 - £109,999	0	2	0	0
£110,000 - £114,999	0	1	0	0
£115,000 - £119,999	0	1	0	0
£120,000 - £124,999	0	0	0	1
£125,000 - £129,999	0	0	0	0
£130,000 - £134,999	0	1	0	0
	38	151	30	101

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 and Chief Officers (including Corporate Managers and Statutory Officers).

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	2023/24		2022/23	
		Remuneration	Employer's Pension Contributions	Remuneration	Employer's Pension Contributions
		£	£	£	£
Chief Executive	1	144,317	29,874	135,564	31,993
Chief Officer Governance	1 & 2	114,111	23,621	110,289	26,028
Chief Officer Education & Youth		105,992	21,940	102,407	24,168
Chief Officer Social Services		105,992	21,940	102,407	24,168
Chief Officer Planning, Environment & Economy		105,992	21,940	102,407	24,168
Chief Officer Streetscene & Transportation		101,318	20,973	94,504	22,303
Chief Officer Housing & Communities	3	97,812	20,247	67,603	15,954
Corporate Finance Manager (Section 151 Officer)		80,844	16,735	77,824	18,366
Corporate Manager - People & Organisational Development		80,844	16,735	77,824	18,366
Corporate Manager - Capital Programme & Assets		76,827	15,903	73,444	17,333
		1,014,049	209,908	944,273	222,847

Note 1 : 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 2 : Remuneration includes amounts received for role as Clerk to the North Wales Fire and Rescue Authority (£8,119 2023/24) (£7,883 2022/23), an arrangement under a service contract which has been in place for a number of years (costs reimbursed).

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

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 (£24,711); for 2023/24 this was 1:5.84 (for 2022/23 this was 1:5.95).

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	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
	No.	No.	No.	No.	No.	No.	£	£
£0 - £20,000	17	29	0	0	17	29	160,554	40,080
£20,001 - £40,000	18	2	0	0	18	2	517,077	53,738
£40,001 - £60,000	4	0	0	0	4	0	195,918	0
	39	31	0	0	39	31	873,549	93,818

NOTES TO THE CORE FINANCIAL STATEMENTS

27. MEMBERS' ALLOWANCES

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

	2023/24	2022/23
	£000	£000
Salaries	1,805	1,711
Members' expenses	32	48
	1,837	1,759

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 -

	2023/24	2022/23
	£000	£000
Payments	1,603	4,458
Receipts	0	121
Amounts owed by the Council	260	4
Amounts owed to the Council	0	6

Transactions greater than £0.100m are shown below -

No. of Members declaring an interest		Interest	Paid		Receipts		Owed by the Council		Owed to the Council	
2023/24	2022/23		2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
			£000	£000	£000	£000	£000	£000	£000	£000
1	2	Domestic Abuse Safety Unit	410	337	0	0	34	0	0	0
1	1	Citizens Advice Bureau (CAB)	475	488	0	0	128	0	0	0
1	1	Welsh Border Community Transport (WBCT)	205	190	0	0	0	0	0	0
2	5	Theatr Clwyd	155	367	(3)	118	97	0	0	6

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 -

	2023/24	2022/23
	£000	£000
Payments	153	167
Receipts	9	8
Amounts owed by the Council	35	3
Amounts owed to the Council	0	1

Transactions greater than £0.100m are shown below -

No. of Members declaring an interest		Interest	Paid		Receipts		Owed by the Council		Owed to the Council	
2023/24	2022/23		2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
			£000	£000	£000	£000	£000	£000	£000	£000
1	1	Design and print company	123	118	9	8	35	1	0	1

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 £14.146m (£14.143m in 2022/23).

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

	2023/24	2022/23
	£000	£000
Grants awarded	498	305
Payments	153	67
Amounts owed by the Council	4	5
Amounts owed to the Council	1	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	
2023/24	2022/23		2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
			£000	£000	£000	£000	£000	£000
1	1	Married to a director of Cambrian Aquatics	117	71	91	20	4	3

Subsidiaries

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 2024 this amounted to £13.250m (£13.451m at 31st March 2023).

Other transactions with subsidiaries are -

	2023/24	2022/23
	£000	£000
Subsidy paid	377	383
Other payments	8,656	7,009
Receipts	480	229
Amounts owed by the Council	127	196
Amounts owed to the Council	230	227

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 £21.922m (£20.653m in 2022/23).

Total levies paid to the North Wales Fire and Rescue Authority amounted to £9.936m (£8.814m in 2022/23).

Total precepts including cemetery precepts paid to the 34 community/town councils amounted to £3.430m (£3.205m in 2022/23).

Other transactions with these bodies are -

	North Wales Police and Crime Commissioner		North Wales Fire Authority		Community Councils	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000	£000	£000
Payments	263	24	21	348	74	23
Receipts	265	331	7	46	414	514
Amounts owed to the Council	79	56	26	0	90	132

NOTES TO THE CORE FINANCIAL STATEMENTS

Betsi Cadwaladr University Local Health Board (related healthcare activities)

	2023/24	2022/23
	£000	£000
Payments	1,239	1,423
Receipts	9,809	11,570
Amounts owed by the Council	1,511	1,380
Amounts owed to the Council	4,658	5,439

Welsh Joint Education Committee

	2023/24	2022/23
	£000	£000
Payments	165	224
Amounts owed by the Council	465	325

Welsh Local Government Association

	2023/24	2022/23
	£000	£000
Payments	156	151
Receipts	590	623
Amounts owed to the Council	11	38

29. 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.

Partnership	2023/24	2022/23
	£000	£000
Gross expenditure	1,195	1,266
Gross income	(1,295)	(1,301)
(Surplus) / deficit for year	(100)	(35)

Contribution to Budget

Flintshire County Council	327	318
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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	Net	
	£000	£000	%
Flintshire County Council	574	549	50.25
Wrexham County Borough Council	568	543	49.75
	1,142	1,092	100.00

NOTES TO THE CORE FINANCIAL STATEMENTS

30. AUDIT FEES

External audit services were provided by Audit Wales.

	2023/24	2022/23
	£000	£000
Fees for the Statement of Accounts	249	234
Fees for Performance Audit Work	115	104
Fees for grants	38	38
	402	376

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.

Income and expenditure for these pooled budget arrangements for the year ending 31st March 2024 are as follows; the contributions for quarters 3 and 4 are included for information only and have not been accrued in each partners' accounts. These payments will be made in arrears during 2024/25.

	2023/24	2022/23
	£000	£000
Care Homes for Older People		
Expenditure		
Care home costs	126,922	111,032
	126,922	111,032
Funding		
Denbighshire County Council	(11,914)	(10,236)
Conwy County Borough Council	(18,182)	(15,864)
Flintshire County Council	(13,578)	(10,556)
Wrexham County Borough Council	(14,957)	(14,434)
Gwynedd County Council	(12,044)	(11,214)
Isle of Anglesey County Council	(7,214)	(5,708)
Betsi Cadwaladr University Health Board	(49,033)	(43,020)
	(126,922)	(111,032)
(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 WG. Reimbursement for work carried out under the Trunk Road Agency Agreement amounted to £4.115m (£4.052m in 2022/23).

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 6 and 11 years' time. Additional funding has also been received to support town centre regeneration in Flintshire. This funding is to be returned in 12 years' time.

	Loans Issued		Repaid	
	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000
Houses into Homes - 1st Tranche	0	0	0	25
Home Improvement and Empty Properties Loans	654	361	62	119
Town Centre Regeneration	140	0	0	0

The Council acts as agents on behalf of companies collecting water and sewerage charges from tenants living in Council owned dwellings (arrangement ceased in 2022/23). The 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
	2023/24	2022/23
	£000	£000
Water and Sewerage	2	2,987
Household Contents Insurance	61	63
Heating	270	115

The Council acted as an 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. In addition to the £1.950m funding received for the Bus Emergency Scheme/Bus Transition Fund (from July 2023), £5.150m was carried forward from 2022/23 as a receipt in advance. £0.367m is also owed from WG.

Grant title	Description	Funding received		FCC share		Admin fee received	
		2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
		£000	£000	£000	£000	£000	£000
Bus Services Support Grant	Support for bus and community transport services.	6,102	6,102	558	558	48	48
Bus Emergency Scheme/Bus Transition Fund	To keep local bus operators afloat by lost revenue due to the COVID-19 pandemic and further impacts of driver shortages and fuel costs.	1,950	0	1,271	994	100	100
Test, Trace, Protect	Ensure people can be tested quickly for COVID-19 and tracing of recent contact of anyone who tests positive.	0	3,011	0	1,436	0	62

NOTES TO THE CORE FINANCIAL STATEMENTS

The 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	
		2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £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.	3,491	9,639	352	337
Financial Recognition of Social Care Worker Scheme	£1,498 payment to care workers employed in eligible roles.	0	5,462	0	1
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.	0	154	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.	0	396	0	100
Income loss	Income loss claimed on behalf of Cambrian Aquatics, Aura Leisure & Libraries, NEWydd Catering & Cleaning Ltd, Holywell Leisure Centre and the Music Service.	0	90	0	0
Winter Fuel	£200 payment to eligible households to provide support towards paying their on-grid winter fuel bills.	96	3,095	0	60
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.	0	6,871	0	233
Financial Support for Unpaid Carers	Payments to unpaid carers in receipt of Carers Allowance.	0	848	0	21
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).	0	552	41	0
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.	0	285	included with the Energy Bills Support Scheme admin fee	0
Ukraine Response Scheme - £200 emergency support payments, £350/£500 host support payments & £150 thank you payment top-ups	£200 payment per Ukrainian arrival. £350 (less than 12 months)/£500 (more than 12 months) per Ukrainian host per month. £150 top up host payments from WG when a Ukrainian arrival is less than 12 months (topped up from £350 to £500)	164	148	0	0

£0.003m of the funding received in 2022/23 for the Cost of Living Support Scheme was carried forward to 2023/24 as a receipt in advance. £0.002m of this funding was unspent and has been carried forward in the Council's Balance Sheet as a receipt in advance.

£0.552m of the funding received in 2022/23 for the Energy Bills Support Scheme-Alternative Funding was carried forward to 2023/24 as a receipt in advance and fully spent in year. £0.285m of the funding received in 2022/23 for the Alternative Fuel Payment-Alternative Fund was carried forward to 2023/24 as a receipt in advance, £0.097m was repaid and the remainder of the funds spent.

NOTES TO THE CORE FINANCIAL STATEMENT

The Council also granted 75% (50% 2022/23) 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 £50.840m (£55.650m in 2022/23). £4.089m (£3.055m 2022/23) was reimbursed to the Council for this rate relief. The Council also received £0.013m (£0.014m 2022/23) 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 2024 was £6.823m in 392 separate accounts (£6.588m in 382 accounts in 2022/23).

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 47 accounts as at 31st March 2024 was £0.598m (£0.530m in 46 accounts in 2022/23).

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.

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.

A small number of employees are claiming against the Council in Employment Tribunals which will be heard in the next financial year. Based on the outcome of the cases the Council could have to pay all, some or none of the claims.

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 (Aura), 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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 hours workers, including those who are contracted to work term time only.

A judicial review has been made against the Council in relation to care home fees, which as a result the Council may have to pay all, some or none of the claim.

Discussions took place in March 2023 between WG and the Council as to the reasons for not achieving its statutory minimum waste recycling target. The Council has subsequently been instructed by WG to engage with the Waste and Resources Action Programme (WRAP) and Local Partnerships to review our waste strategy and develop a new action plan. Depending on the outcome of the review, the Minister will take a decision at that point whether to levy a fine.

Aura was established as a Community Benefit Society in 2017. Aura have been eligible to receive grant funding from the Council and a funding agreement has been in place between the Council and Aura since 2017. The current funding agreements are due to come to an end in July 2024. A change in legislation, from state aid rules to subsidy control law, may hinder the Council's ability to provide further grant funding to Aura. The Council is undertaking further due diligence around suitable and compliant future options, some of these options may incur additional costs to the Council, particularly if any insourcing should become necessary.

From December 2023, the Renting Homes (Wales) Act 2016 brought into effect a change in rights for tenants and increased safety responsibilities for landlords. This has potential financial implications for the HRA, however this cannot be reliably estimated until there is further guidance. The Council is taking legal advice to clarify its responsibilities and remedial actions.

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

- 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.
- 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.
- Britain leaving the European Union – this continues 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.

	2023/24 £000	2022/23 £000
Council Fund	4,704	4,436
HRA	1,681	1,610
Set aside from Capital Receipts	200	195
	6,585	6,241

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 2024 was £354.983m (£355.311m as at 31st March 2023).

	2023/24 £000	2022/23 £000
Capital Investment		
Property, plant and equipment	63,184	49,992
Investment properties	217	71
REFCUS	6,407	4,950
	69,808	55,013
Sources of Finance		
Capital receipts	(5,672)	(1,428)
Capital grants and contributions	(44,038)	(30,344)
Capital reserves / Capital Expenditure from Revenue Account (CERA)	(13,840)	(14,261)
	(63,550)	(46,032)
Increase/(decrease) in capital financing requirement	6,258	8,981
Increase in supported borrowing	4,025	4,022
Increase in other (unsupported) borrowing	2,233	4,959
	6,258	8,981

NOTES TO THE CORE FINANCIAL STATEMENTS

39. FUTURE CAPITAL COMMITMENTS

As at 31st March 2024, the Council has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2024/25 and future years. The major commitments, in excess of £1.000m, are shown below -

Contract Details	Contract Sum	Payments to 31 March 2024	Balance Outstanding
	£000	£000	£000
Council Fund			
New Welsh Medium Primary School, Flint	13,352	1,022	12,330
Croes Atli 2, Elderly People Home, Flint	18,000	3,799	14,201
Theatr Clwyd Redevelopment	37,800	17,038	20,762
B5129 - Shotton Bus Lanes Scheme	3,735	15	3,720
	<u>72,887</u>	<u>21,874</u>	<u>51,013</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 £1.502m (£2.048m 2022/23).

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 2024	Repaid	New	31 March 2023
	£000	£000	£000	£000
Finance lease liabilities (net present value of the minimum lease payments):				
Current	654	33	0	621
Non-current	1,474	(654)	0	2,128
	<u>2,128</u>	<u>(621)</u>	<u>0</u>	<u>2,749</u>
Finance costs payable in future years	305	(220)	0	525
Minimum lease payments	<u>2,433</u>	<u>(841)</u>	<u>0</u>	<u>3,274</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 2024	31 March 2023	31 March 2024	31 March 2023
	£000	£000	£000	£000
Not later than one year	818	841	654	621
Later than one year and not later than five years	1,614	2,433	1,474	2,128
Later than five years	0	0	0	0
	<u>2,432</u>	<u>3,274</u>	<u>2,128</u>	<u>2,749</u>

Operating Leases

Operating lease rentals paid are detailed below -

Asset Classification	2023/24	2022/23
	£000	£000
Land	79	65
Buildings	199	174
EFS Fleet Contract	3,879	3,020
Vehicles, plant and equipment	301	541
	<u>4,458</u>	<u>3,800</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	39	205	360	186	790
Later than one year and not later than five years	152	579	0	126	857
Later than five years *	1,167	1,562	0	100	2,829
	<u>1,358</u>	<u>2,346</u>	<u>360</u>	<u>412</u>	<u>4,476</u>

* Any open ended agreements are calculated to 2035/36 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.

Lessor rentals

Operating leases

The Council leases out land and property under operating leases. In 2023/24, lease rentals receivable amounted to £2.451m (£2.453m in 2022/23).

NOTES TO THE CORE FINANCIAL STATEMENTS

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

	Land £000	Buildings £000	Total £000
Not later than one year	413	1,989	2,402
Later than one year and not later than five years	1,626	7,274	8,900
Later than five years *	24,955	13,046	38,001
	26,994	22,309	49,303

* Any open ended agreements are calculated to 2035/36 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 2024/25 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 2024 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 a disclosure has been included at the bottom of this note, as is the requirement for the 2023/24 financial statements, to outline the estimated impact of adopting this standard.
- Amendments to IFRS 16 (Lease Liability in a Sale and Leaseback) issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.
- Amendments to IAS 1 – (Classification of Liabilities as Current or Non-current) – issued in January 2020. The amendments:
 - specify that an entity's right to defer settlement must exist at the end of the reporting period,
 - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement,
 - clarify how lending conditions affect classification, and
 - clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.
- Amendments to IAS 1 (Non-current Liabilities with Covenants) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.
- Amendments to IAS 12 (International Tax Reform: Pillar Two Model Rules) issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:
 - a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and
 - targeted disclosure requirements for affected entities.
- Amendments to IAS 7 and IFRS 7 (Supplier Finance Arrangements) issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to:
 - assess how supplier finance arrangements affect an entity's liabilities and cash flows, and
 - understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

The adoption of IFRS 16 will have a material impact on the Council's financial statements. The value of the liabilities to be included in the Council's Balance Sheet within the 2024/25 financial statements has been estimated to be approximately £75.000m.

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 £15.162m (£21.343m in 2022/23) that does not meet the definition required for inclusion as a financial instrument.

Short term debtors (Note 13) includes a further £60.115m (£63.686m in 2022/23) that does not meet the definition required for inclusion as a financial instrument.

	Long-term		Current	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£000	£000	£000	£000
Financial liabilities at amortised cost				
Principal	294,363	290,202	37,948	17,002
Accrued interest	0	0	6,256	2,906
Borrowing	294,363	290,202	44,204	19,908
Cash overdrawn	0	0	3,662	2,427
Cash & cash equivalents	0	0	3,662	2,427
Finance leases	1,474	2,128	654	621
Deferred liabilities	1,474	2,128	654	621
Trade payables	565	0	33,636	35,518
Within creditors	565	0	33,636	35,518
Total financial liabilities	296,402	292,330	82,156	58,474
Financial assets at amortised cost				
Principal	3,659	3,659	5,000	5,000
Accrued interest	0	0	83	54
Investments	3,659	3,659	5,083	5,054
Cash & cash equivalents	0	0	34,518	29,947
Accrued interest	0	0	243	87
Cash & cash equivalents	0	0	34,761	30,034
Trade receivables	49	49	17,659	15,424
Loans	11,753	11,950	0	0
Within debtors	11,802	11,999	17,659	15,424
Total financial assets	15,461	15,658	57,503	50,512

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

	31 March 2024	31 March 2023
	Net	Net
	Total	Total
	£000	£000
Financial assets - bank accounts in credit	34,761	30,034
Financial liabilities - cash overdraft	(3,662)	(2,427)
Net position reported on Balance Sheet	31,099	27,607

NOTES TO THE CORE FINANCIAL STATEMENTS

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 -

	2023/24	2022/23
	£000	£000
Opening carrying amount of soft loans	10,231	10,259
New loans made in year	0	0
Fair value adjustment on initial recognition	0	0
Interest accrued	(1)	(2)
Amounts repaid	(200)	(128)
Movement in discounted amount	103	102
	10,133	10,231

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 -

	2023/24		2022/23	
	Financial	Financial	Financial	Financial
	Liabilities	Assets	Liabilities	Assets
	Measured at Amortised Cost		Measured at Amortised Cost	
	£000	£000	£000	£000
Interest expense	(14,129)	0	(13,592)	0
Interest payable and similar charges	(14,129)	0	(13,592)	0
Interest income	0	3,007	0	1,510
Interest and investment income	0	3,007	0	1,510
Net gain/(loss) for the year	(14,129)	3,007	(13,592)	1,510

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 2024, 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 have been calculated by discounting the contractual cash flows (excluding non-lease elements) 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 2024		31 March 2023	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		£000	£000	£000	£000
Financial liabilities					
PWLB	2	279,025	270,705	271,540	260,929
LOBOs	2	18,950	20,368	18,950	20,552
Lease payables	3	2,128	2,217	2,748	2,894
		300,103	293,290	293,238	284,375
Financial assets					
Certificates of deposits	2	0	0	0	0

The PWLB fair value is lower than the carrying amount because the Council’s portfolio of loans includes a number of fixed loans where the interest rate payable is lower than the rates available for similar loans at the Balance Sheet date. This commitment to pay interest below current market rates decreases the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans. The opposite 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. 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.

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 £5m 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 2024.

Impact of 1% rate rise			Impact of 1% rate fall		
£000			£000		
Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
0.017	(0.073)	(0.079)	0.129	0.263	0.268

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 2023/24 the Council paid £14.974m (£14.244m in 2022/23), which represents 23.68% (average) of teachers' pensionable pay (23.68% in 2022/23). The contributions due in 2024/25 are estimated to be £17.601m, 27.86% 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 mss.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	
	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000
CIES				
Service Expenditure Analysis				
Current service cost	19,652	42,897	0	0
Past service cost/(gain)	48	37	0	0
Curtailments	129	107	0	0
Other Operating Expenditure				
Administration expenses	882	827	0	0
Financing and Investment Income and Expenditure				
Net interest expense	1,704	8,628	1,414	1,086
Net charge to surplus / deficit on the provision of services	22,415	52,496	1,414	1,086
Other Comprehensive Income and Expenditure				
Remeasurement of the net defined benefit liability				
Return on plan assets	37,577	(66,432)	0	0
Actuarial gains and (losses) - experience gain or (loss)	(4,577)	(129,204)	(181)	(3,054)
Actuarial gains and (losses) - financial assumptions	13,127	466,108	137	9,272
Actuarial gains and (losses) - demographic assumptions	11,283	34,046	497	1,510
FCC's share of Other Comprehensive Income and Expenditure relating to NWEAB	(5)	44	0	0
Net charge to Other Comprehensive Income and Expenditure	57,405	304,562	453	7,728
Net charge to Comprehensive Income and Expenditure	79,820	357,058	1,867	8,814
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	(22,415)	(52,496)	(1,414)	(1,086)
Actual amount charged against the Council fund balance for pensions in the year				
Employers' contributions payable to scheme	22,989	23,579	2,963	2,856
FCC's share of NWEAB charged against the Council Fund balance in year	5	74	0	0
Net debit/(credit) to the Movement in Reserves Statement	579	(28,843)	1,549	1,770

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	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Local Government Pension Scheme	(837,377)	(825,989)	848,351	778,979	10,974	(47,010)
Discretionary Benefits Arrangements	(28,711)	(30,713)	0	0	(28,711)	(30,713)
	(866,088)	(856,702)	848,351	778,979	(17,737)	(77,723)

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	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
1st April	825,989	1,145,430	30,713	40,210
Current service cost	19,652	42,897	0	0
Interest cost	38,985	31,745	1,414	1,086
Contributions by scheme participants	6,780	6,381	0	0
Actuarial (gains) and losses - experience gains or losses	4,577	129,204	181	3,054
Actuarial (gains) and losses - financial assumptions	(13,127)	(466,108)	(137)	(9,272)
Actuarial (gains) and losses - demographic assumptions	(11,283)	(34,046)	(497)	(1,510)
Benefits paid	(34,373)	(29,658)	(2,963)	(2,855)
Past service costs	48	37	0	0
Curtailements	129	107	0	0
31st March	837,377	825,989	28,711	30,713

Reconciliation of fair value of the LGPS assets -

	2023/24 £000	2022/23 £000
1st April	778,979	822,818
Interest income	37,281	23,117
Administration Expenses	(882)	(827)
Return on plan assets	37,577	(66,432)
Employer contributions	22,989	23,580
Contributions by scheme participants	6,780	6,381
Benefits paid	(34,373)	(29,658)
31st March	848,351	778,979

NOTES TO THE CORE FINANCIAL STATEMENTS

The LGPS's assets consist of the following categories -

	2023/24		2022/23	
	£000	£000	£000	£000
Equity investments:				
Global Quoted*	117,921		45,181	
Emerging Markets*	<u>0</u>		39,728	
		117,921		84,909
Bonds:				
Overseas Other	85,683		79,456	
LDI*	<u>223,965</u>		<u>214,219</u>	
		309,648		293,675
Property:				
UK*	35,631		41,286	
Overseas	<u>3,393</u>		<u>6,232</u>	
		39,024		47,518
Cash:				
Cash Instruments	<u>43,266</u>		<u>34,275</u>	
		43,266		34,275
Alternatives:				
Hedge Funds	41,569		56,086	
Private Equity	124,708		101,267	
Infrastructure	50,901		45,181	
Timber & Agriculture	3,393		3,895	
Private Credit	21,209		21,032	
DGF	<u>96,712</u>		<u>91,141</u>	
		338,492		318,602
		<u>848,351</u>		<u>778,979</u>

* 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	
	2023/24	2022/23	2023/24	2022/23
Mortality Assumptions				
Longevity at 65 for current pensioners -				
Men	21.0yrs	21.4yrs	21.0yrs	21.4yrs
Women	23.5yrs	23.8yrs	23.5yrs	23.8yrs
Longevity at 65 for future pensioners -				
Men	22.4yrs	22.9yrs	n/a	n/a
Women	25.3yrs	25.6yrs	n/a	n/a
Rate of inflation (Consumer Prices Index)	2.7%	2.7%	2.7%	2.7%
Rate of increase in salaries	4.0%	4.0%	n/a	n/a
Rate of increase in pensions	2.8%	2.8%	2.8%	2.8%
Rate for discounting scheme liabilities	4.9%	4.8%	4.9%	4.9%

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	(17,737)
<u>Illustration of net liability - changes in actuarial assumption/investment return</u>	
Longevity (increase in 1 year)	(40,024)
Rate of inflation (increase by 0.25%)	(50,546)
Rate of increase in salaries (increase by 0.25%)	(11,588)
Discount Rate (increase by 0.5%)	44,311
Change in 23/24 Investment Returns (increase by 1%)	2,216
Change in 23/24 Investment Returns (decrease by 1%)	(14,704)

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 2025 are £18.153m.

The duration of the defined benefit obligation for LGPS members is 17 years 2023/24 (17 years 2022/23).

Impact of 'McCloud' Judgement

The remedy for McCloud became law from October 2023. The key feature of the remedy is to extend the final salary scheme underpin to all members who were in a public sector scheme on or before 31st March 2012 and either remain active or left service after 1st April 2014. The estimated impact of the McCloud judgement has been included in the Council's accounts since 2018/19 in line with the remedy. It is the view of the actuary that no further adjustments are required in relation to McCloud.

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.

	2023/24		2022/23	
	£000	£000	£000	£000
Expenditure				
Repairs and maintenance		13,797		10,868
Management and supervision		5,375		6,218
Specialist services		2,415		1,902
Rents, rates, taxes and other charges		314		161
Depreciation and impairment of non-current assets		8,562		(6,395)
Debt management costs		47		38
Increase in bad debt provision		194		290
		30,704		13,082
Income				
Dwelling rents (gross)	38,787		36,783	
Non-dwelling rents (gross)	336		347	
		39,123		37,130
Charges for services and facilities		530		985
Reimbursement of costs		398		404
Contribution towards expenditure		2,722		314
		42,773		38,833
Net cost of HRA services as included in the Council's CIES		(12,069)		(25,751)
Other Operating Expenditure				
Net (gain) / loss on the disposal of non-current assets		(116)		(74)
Admin. expenses on the net defined benefit liability		54		49
Financing and Investment Income and Expenditure				
Interest payable and similar charges		5,121		4,902
Net interest on the net defined benefit liability		157		554
Movement in expected credit losses on financial assets		(20)		62
Taxation and Non-Specific Grant (Income)				
Capital grants and contributions receivable		(8,268)		(7,633)
Total (surplus) / deficit for the year on HRA services		(15,141)		(27,891)

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)	2023/24 £000	2022/23 £000
At 1st April		6,477	5,239
Surplus/(deficit) on the HRA income and expenditure statement		15,141	27,891
Total comprehensive income and expenditure		15,141	27,891
Adjustments between accounting and funding basis under regulations	7	(14,316)	(26,653)
Increase/(decrease) in year on the HRA		825	1,238
At 31st March		7,302	6,477

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 2024 No.	31 March 2023 No.
Houses	4,113	4,107
Flats	1,434	1,408
Maisonettes	10	10
Bungalows	1,805	1,805
	7,362	7,330

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 2024 £000	31 March 2023 £000
Analysis of arrears		
Rents		
Current tenants	2,062	2,028
Former tenants	201	143
	2,263	2,171

NOTES TO THE HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

	2023/24	2022/23
	£000	£000
Provision for impairment losses (bad debts)		
Opening provision	674	611
Written off in year	(192)	(284)
Increase in provision	175	347
	657	674

4. NON-CURRENT ASSET ACCOUNTING

Capital Expenditure and Financing

HRA capital expenditure was incurred as follows;

	2023/24	2022/23
	£000	£000
Council Dwellings	22,619	19,814
Assets Under Construction	748	4,096
Equipment	163	1,087
	23,530	24,997

Financed as follows -

	2023/24	2022/23
	£000	£000
Capital Grants & Contributions	9,571	9,203
Revenue Contributions	12,752	12,566
Borrowing	1,207	3,228
	23,530	24,997

MRA

Included within the capital grants and contributions total is the 2023/24 MRA allocation figure of £4.980m (£4.978m in 2022/23). 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 2023/24 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 -

	2023/24	2022/23
	£000	£000
Shared ownership sales	171	105
Land sales	0	0
	171	105

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 2023/24 opening net balance sheet valuations (valuation list less cumulative depreciation), with assumed nil residual values.

	2023/24 £000	2022/23 £000
Dwellings	4,961	4,958
Garages	19	19
Other land & buildings	111	111
Plant and equipment	635	418
	<u>5,726</u>	<u>5,506</u>

Impairment Losses and Revenue Expenditure Funded from Capital Under Statute

A HRA impairment adjustment total of £20.874m was accounted for in 2023/24 (£20.056m in 2022/23). No REFCUS was accounted for in 2023/24 (£0m in 2022/23).

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 -

	2023/24 £000	2022/23 £000
CIES		
Service Expenditure Analysis -		
Current service cost	1,126	2,394
Other Operating Expenditure -		
Administration expenses	54	49
Financing and Investment Income and Expenditure		
Net interest expense	157	554
Total HRA Charge	<u>1,337</u>	<u>2,997</u>
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	(1,337)	(2,997)
Actual amount charged against the HRA balance for pensions in the year:		
Employers' contributions payable to scheme	1,408	1,400

STATEMENT OF ACCOUNTING POLICIES

General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31st March 2024. 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 2024. 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.
- 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 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 2023/24 approximately 24% 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
Fixtures, fittings and services	20-25
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 £11.990m. 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 £19.894m.

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 247 by 2026/27.

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 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 73 to 88. 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 2023	49,720	40,766	90,486	576,599	667,088	11,005	678,093
Total comprehensive income and expenditure	22,734	15,141	37,875	98,217	136,092	7,595	143,687
Adjustments between group accounts and authority accounts	(8,199)	0	(8,199)	0	(8,199)	(5,672)	(13,871)
Net increase/(decrease) before transfers	14,535	15,141	29,676	98,217	127,893	1,923	129,816
Adjustments between accounting and funding basis under regulations	(25,978)	(21,159)	(47,137)	47,137	0	0	0
Increase/(decrease) in year	(11,443)	(6,018)	(17,461)	145,354	127,893	1,923	129,816
At 31st March 2024	38,277	34,748	73,025	721,953	794,981	12,928	807,909
	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	(23,001)	27,891	4,890	327,795	332,685	5,904	338,589
Adjustments between group accounts and authority accounts	(6,190)	0	(6,190)	0	(6,190)	(3,069)	(9,259)
Net increase/(decrease) before transfers	(29,191)	27,891	(1,300)	327,795	326,495	2,835	329,330
Adjustments between accounting and funding basis under regulations	23,285	(25,364)	(2,078)	2,078	0	0	0
Increase/(decrease) in year	(5,906)	2,527	(3,378)	329,873	326,495	2,835	329,330
At 31st March 2023	49,720	40,766	90,489	576,599	667,088	11,005	678,093

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2023/24			2022/23		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Service Expenditure Analysis						
Chief Executive's	1,676	(89)	1,587	1,888	(65)	1,823
Education & Youth	161,391	(37,360)	124,031	180,978	(36,736)	144,242
Governance	14,764	(2,109)	12,655	16,574	(2,072)	14,502
Housing & Communities*	46,329	(38,576)	7,753	42,864	(39,106)	3,758
People & Resources	5,162	(574)	4,588	5,998	(475)	5,523
Planning, Environment & Economy	13,781	(6,364)	7,417	15,872	(7,066)	8,806
Social Services	136,773	(34,179)	102,594	126,723	(30,790)	95,933
Streetscene & Transportation	77,956	(28,156)	49,800	74,703	(25,424)	49,279
Central & Corporate Finance	5,468	(816)	4,652	6,905	(2,488)	4,417
Capital Programme & Assets**	30,086	(5,368)	24,718	21,055	(5,085)	15,970
HRA	30,704	(42,758)	(12,054)	13,082	(38,812)	(25,730)
Cost of services	524,090	(196,349)	327,741	506,642	(188,119)	318,523
Other Operating Expenditure			35,629			33,335
Financing and Investment (Income) and Expenditure			11,946			17,279
Taxation and Non-Specific Grant (Income)			(404,374)			(366,899)
(Surplus)/deficit on the provision of services			(29,058)			2,238
Tax expenses of subsidiary			52			(76)
Group (surplus)/deficit			(29,006)			2,162
(Surplus)/deficit arising on revaluation of non-current assets			(43,540)			(15,433)
(Surplus)/deficit arising on revaluation of available-for-sale financial assets			0			0
Tax relating to other comprehensive income			795			1,207
Actuarial (gains) or losses on pension assets and liabilities			(57,964)			(317,189)
Total comprehensive (income) and expenditure			(129,715)			(329,253)

*2022/23 figures restated to exclude the Capital Programme & Assets service which is now separately disclosed.

**2022/23 figures restated to combine the previously separately disclosed Strategic Programmes Service and elements previously included within the Housing & Communities portfolio.

GROUP BALANCE SHEET

	Note	31 March 2024		31 March 2023	
		£000	£000	£000	£000
NON-CURRENT ASSETS					
Property, Plant & Equipment					
Council dwellings		328,606		301,283	
Other land and buildings		528,241		497,759	
Vehicles, plant, furniture and equipment		19,907		20,413	
Surplus assets		3,327		4,319	
Infrastructure assets		156,361		156,994	
Community assets		5,524		5,408	
Assets under construction		44,705		16,160	
Total Property, Plant & Equipment	1	1,086,671		1,002,336	
Investment properties and agricultural estate			29,340		29,092
Long term debtors			2,313		2,303
NON-CURRENT ASSETS TOTAL			1,118,324		1,033,731
CURRENT ASSETS					
Inventories		990		850	
Short term debtors (net of impairment provision)		77,390		78,869	
Short term investments		5,083		5,054	
Cash and cash equivalents		32,636		29,369	
Assets held for sale		513		306	
CURRENT ASSETS TOTAL			116,612		114,448
CURRENT LIABILITIES					
Borrowing repayable on demand or within 12 months		(44,204)		(19,908)	
Short term creditors		(48,461)		(56,887)	
Provision for accumulated absences		(4,151)		(6,722)	
Deferred liabilities		(654)		(621)	
Grants receipts in advance		(5,097)		(3,737)	
Provisions		(58)		(52)	
CURRENT LIABILITIES TOTAL			(102,625)		(87,927)
NON-CURRENT LIABILITIES					
Long term creditors		(1,185)		(1,140)	
Long term borrowing		(294,364)		(290,201)	
Deferred liabilities		(1,474)		(2,128)	
Provisions		(1,106)		(1,067)	
Other long term liabilities		(17,737)		(77,723)	
Grants receipts in advance		(4,123)		(6,268)	
Deferred Tax Liability		(4,412)		(3,632)	
NON-CURRENT LIABILITIES TOTAL			(324,401)		(382,159)
NET ASSETS			807,910		678,093

GROUP BALANCE SHEET

	Note	31 March 2024		31 March 2023	
		£000	£000	£000	£000
USABLE RESERVES					
Capital receipts reserve		15,013		19,149	
Capital grants unapplied		12,435		15,142	
Council Fund		15,271		19,162	
Profit and Loss reserve		2,981		2,806	
Earmarked reserves		23,007		30,558	
HRA		7,301		6,477	
USABLE RESERVES TOTAL			76,008		93,294
UNUSABLE RESERVES					
Revaluation Reserve		241,535		208,280	
Capital Adjustment Account		516,498		465,567	
Financial Instruments Adjustment Account		(4,292)		(4,652)	
Pensions Reserve		(17,737)		(77,723)	
Deferred capital receipts		49		49	
Accumulated Absences Account		(4,151)		(6,722)	
UNUSABLE RESERVES TOTAL			731,902		584,799
TOTAL RESERVES			807,910		678,093

GROUP CASH FLOW STATEMENT

	2023/24		2022/23	
	£000	£000	£000	£000
Net surplus or (deficit) on the provision of services	29,644		(1,588)	
Adjustment to surplus or deficit on the provision of services for non-cash movements	12,649		33,599	
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	<u>(42,798)</u>		<u>(33,033)</u>	
Net cash flows from operating activities		(505)		(1,022)
Net cash flows from investing activities	(20,513)		(17,114)	
Net cash flows from financing activities	<u>24,288</u>		<u>1,835</u>	
Net increase or decrease in cash and cash equivalents		<u>3,775</u>		<u>(15,279)</u>
		3,270		(16,301)
Cash and cash equivalents at the beginning of the reporting period		29,367		45,668
Cash and cash equivalents at the end of the reporting period		32,637		29,367

NOTES TO THE GROUP ACCOUNTS

1. PROPERTY, PLANT AND EQUIPMENT

	Flintshire County Council	NEW Homes	Newydd Catering & Cleaning Ltd	Group
	£000	£000	£000	£000
Net Book Value at 31st March 2024				
Council dwellings	328,606	0	0	328,606
Other land and buildings	499,539	28,702	0	528,241
Vehicles, plant, furniture and equipment	19,768	0	139	19,907
Surplus assets	3,327	0	0	3,327
Infrastructure assets	156,361	0	0	156,361
Community assets	5,524	0	0	5,524
Assets under construction	44,705	0	0	44,705
	1,057,830	28,702	139	1,086,671

	Flintshire County Council	NEW Homes	Newydd Catering & Cleaning Ltd	Group
	£000	£000	£000	£000
Net Book Value at 31st March 2023				
Council dwellings	301,283	0	0	301,283
Other land and buildings	471,601	26,159	0	497,760
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
	975,977	26,159	201	1,002,337

**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.

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2023/24

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' (Enclosure 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 arrangements;
- Contributors to effective Governance arrangements; and
- How have we monitored and evaluated the effectiveness of our governance arrangements

Page 120

The outcome of our assessment identifying areas of best practice and areas for further improvement is detailed within the document Annual Governance Statement 2023/24 – 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 arrangements comprises the culture, values, systems and processes by which an organisation is directed and controlled. The arrangements bring 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 arrangements 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 the governance arrangements 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 arrangements that has been in place at Flintshire County Council for the financial year 2023/24 and up to the date of approval of the Annual Statement of Accounts.

ANNUAL GOVERNANCE STATEMENT

How has the Annual Governance Statement been prepared?

The initial review of our governance arrangements 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 Annual Governance Statement and a Questionnaire summarising 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 arrangements 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 arrangements 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.
- Considered the findings in the Corporate Self-Assessment

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 in the Annual Governance Statement (Part 2) from Page 121 of the document. Principles assessed as needing further improvement are detailed in the Annual Governance Statement from Page 135.

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 Annual Governance Statement 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 Arrangements?

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 Arrangements

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 arrangements 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 Framework and procedure Quarterly monitoring and reporting of Strategic Risks to Cabinet, Overview and Scrutiny Committees and Governance and Audit Committee 	<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 Arrangements

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
- Council Plan
- Digital Strategy
- Equal Pay Audit (Gender Pay Reporting)
- Financial Procedural Rules
- 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 arrangements
- Council Meetings
- Engagement and Consultation
- External Audit
- Flintshire County Council website
- 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 arrangements
- Your Council newsletter

2023/24

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 arrangements and identifies the areas of best practise and areas for further improvement. The document explains:

- What is the Annual Governance Statement (AGS)?
- Comparison of the Effectiveness of the Council's Governance arrangements
- Key principles of the Corporate Governance arrangements 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 2022/23 AGS
- What are the governance issues identified during 2023/24
- What are the strategic issues identified during 2023/24
- 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;
- 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;
- Report on any governance issues identified from this review and provide a commitment to addressing them; and
- In referring to the Council, this includes its group relationship with other entities such as New Homes and Newydd

The Annual Governance Statement reports on the governance framework that has been in place at Flintshire County Council during the financial year 2023/24 and up to the date of approval of the Statement of Accounts.

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 March 2023. Overall, the Auditor General for Wales has reached a positive conclusion. No formal recommendations have been made during the year and proposals for improvement have arisen from the national and local reviews undertaken. The Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 12 April 2024, after the deadline agreed with the Welsh Government of 30 November 2023. The audit was delivered later than in previous years mainly due to the impact of new auditing standard requirements.

Our Annual General Meeting of Council was held on 4th May 2023, at which point the five committee Overview and Scrutiny structure was agreed.

Page 132

Internal Audit Annual Opinion

"For the year ending 31 March 2024, based on the work the Internal Audit Service has undertaken my opinion is that Flintshire County Council has, overall, 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 arrangements. 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 December 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 CIPFA 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 CIPFA FM Code and I can confirm that in my opinion Flintshire is still compliant with the code in the majority of areas.

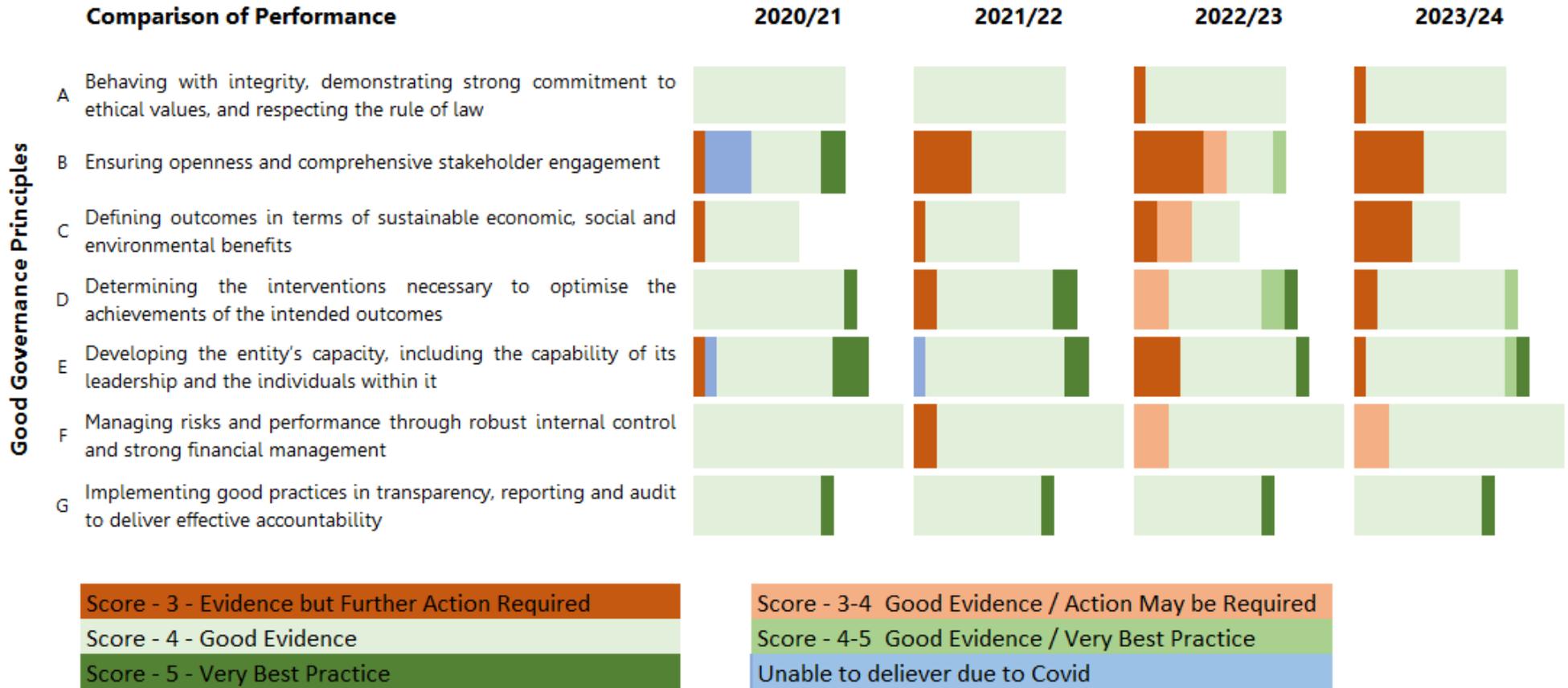
However, the assessment recognises that, due to the continuing financial challenges for all local authorities, the following areas will require continual review and improvement:

- The absence of any indicative Welsh Government funding settlement for 2025/26 and beyond presents significant challenges and uncertainty and requires a prudent approach whilst urgently prioritising our budget planning requirements
- 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.
- 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 134



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

ANNUAL GOVERNANCE STATEMENT

Areas of Very Best Practice (Score of 4/5 and 5):

- (D48) 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, E64) Recognising the benefits of partnerships and collaborative working where added value can be achieved. Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.
- (G92) Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.

Further Action Required (Score of 3 and 3/4):

- (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, B26) Circumstances have curtailed our ability to consult and engage, but not the willingness to do so. However, a Customer Service and Communication Manager is now in post and work has begun to improve how the Council consults and engages more effectively.
- (C28, C29, C31, C32, C33) 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. Principle C further actions required have linkage with actions identified within Principle B.
- (D37, D40) Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to priorities competing demands within limited resources available including people, skills, land, and assets and bearing in mind future impacts. Considering and monitoring risks facing each partner when working collaboratively including shared risks.
- (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, F69, F73) Implementing robust and integrated risk management arrangements and ensuring that they are working effectively. Aligning the risk management strategy and policies on internal control with achieving the Council's objectives.

The Main Themes Identified for Improvement for 2023/24

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 is competitive, 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 2023/24 reviewed the Council's position against the 7 Good Governance Principles and the 94 Sub Principle. In May 2024 a workshop was undertaken with members from the Governance and Audit Committee and Cabinet 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 five 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 the Council assesses 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 and members.
- **Training Opportunities**
 - Enhanced decision making and challenge process through focused training, facilitated sessions available to Members and Senior Officers.

ANNUAL GOVERNANCE STATEMENT

- **Embedding of Risk Management**

- Implementing robust and integrated risk management arrangements, within the Council's financial, social and environmental position.
- Increase level of awareness and understanding of risk management across the Council through the development and roll out of risk management e-learning module.

Outcome of the questionnaires completed by Members:

Members agreed with the five 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
- Embedding of Risk Management will enable the Council to identify future risks and also opportunities.

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 139

Areas of Good Evidence 2023/24 (Score of 4)	Areas Identified for Further Improvement 2023/24 (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: E-newsletters, the Council's website, Tenants Forums, Service user groups, Quality circles, Use of infographics, Surveys (for example, Survey of Tenants and Residents)

Page 140

Areas of Good Evidence 2023/24 (Score of 4)	Areas Identified for Further Improvement 2023/24 (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, B26) Customer Service and Communication Manager is now in post and work has begun to improve how the Council consults and engages more effectively e.g., through better use of social media and a new consultation and engagement hub which is due to be launched on the Council's website imminently. Research is currently underway to identify areas of good practice to help inform and develop a local strategy for consultation and engagement

ANNUAL GOVERNANCE STATEMENT

	<ul style="list-style-type: none">• A mid-plan review of Council Plan 2023-28 is planned for late 2024, early 2025, which will also include consultation to ensure the views and experience of citizens, service users are considered• A recent Audit Wales report has identified that improvement in Service User perspective / views needed to inform decisions and proposals to the recommendations will be implemented over the next year
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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 Medium-Term Financial Strategy (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 142

Areas of Good Evidence 2023/24 (Score of 4)	Areas Identified for Further Improvement 2023/24 (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, Well-being Plan 2023 to 2028 focuses on improving 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"> • (C28, C29, C31) Increasing priorities with limited additional resources available (vacancy management and financial challenges) continues to provide pressures on the Council and is in some instances impacting negatively on service delivery. However, by continuing to embed the use of Integrated Impact Assessments it supports and inform decision making and determining priorities, making best use of resources available • (C32, C33) Development of business planning within performance management system will support longer term business planning, whilst evidencing any associated risks / opportunities. This includes consider and balancing the combined economic, social and environmental impacts of policies and strategies

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 • 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 143

Areas of Very Best Practice 2023/24 (Score of 4/5)	Areas Identified for Further Improvement 2023/24 (Score of 3)
<ul style="list-style-type: none"> • (D48) 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 	<ul style="list-style-type: none"> • (D37) Implementing the recommendations identified from within the Audit Wales regarding Use of Performance Information: Service User Perspective and Outcomes • (D40) When working with partners and collaboratively risks (and also opportunities) are being explored consistently

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 144

Areas of Very Best Practice 2023/24 (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 2023/24 (Score of 4 and 4/5)
<ul style="list-style-type: none"> • Partnership and collaborative working – locally, regionally and nationally • Service specific inductions continue to take place • Employee Engagement Survey undertaken, which included health and wellbeing questions, responses indicate interventions are welcomed and positive. A Well-being Strategy currently in draft • Dedicated mental health and employee wellbeing page on the Infonet which provides links to MIND Wellness Action Plans, our Employee Assistance Programme (available 24/7 365 days per year)
Areas Identified for Further Improvement 2023/24 (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.

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 145

Good Evidence 2023/24 (Score of 4)	Areas Identified for Further Improvement 2023/24 (Score of 3/4)
<ul style="list-style-type: none"> Maintained and frequent reporting and monitoring of performance and risk Risk Management Framework reviewed and updated Effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made 	<ul style="list-style-type: none"> (F66) Embedding the risk management framework (F69) Risks identified and reported upon in more detail within Committee reports (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 146

Areas of Very Best Practice 2023/24 (Score of 5)	Good Evidence 2023/24 (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. Effectives processes are in place to monitor outstanding Internal Audit actions, reporting to Chief Officers monthly. • All external regulatory reports and the corresponding response to recommendations are considered by Cabinet and Overview and Scrutiny Committee’s with an overview going to Governance and Audit Committee annually.

ANNUAL GOVERNANCE STATEMENT

How Have We Addressed the Governance and Strategic Issues From 2022/23 AGS?

The 2022/23 Annual Governance Statement contained 15 governance and 29 strategic issues. Of these areas:

- Three Internal Governance issues were closed and detailed within the table below;
- Twelve Internal Governance issues remain open and these are included below and within the 2023/24 actions;
- Fifteen risks remain a red strategic risk
- Eight risks have since improved
- Six risks have closed

Progress Updates For Significant Governance Issues Reported in the 2022/23 AGS

The review of the effectiveness of the Council’s governance arrangements identified 15 governance issues during 2022/23. Progress updates of how the risk has been addressed and if it remains open is provided below:

Page 147

Internal Council Governance issues	Mitigation Actions	Current Status	Progress Update	Progress RAG
(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	Action plan for to enhance Members understanding of their role. Workshop for Members and to provide relevant training and learning opportunities	Open	The council has voluntarily adopted a register of interests for senior officers to further demonstrate openness. The Council continues to provide relevant training and learning opportunities for Members to ensure Members are fully aware and have an understanding of their role.	Amber
(B17, B18, B21, B23, B24, B25) Circumstances previously curtailed the Council’s ability to consult and engage, but not the willingness to do so.	An action plan was developed to make improvements in the regards to Consultation and Engagement with residents of Flintshire.	Open	Following a service review in late 2022, a new Customer Service and Communications Manager was appointed in 2023. A priority is to develop a Consultation and Engagement Strategy for the Council. 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	Amber

ANNUAL GOVERNANCE STATEMENT

Internal Council Governance issues	Mitigation Actions	Current Status	Progress Update	Progress RAG
			consult and engage with communities successfully. work has begun to improve how the Council consults and engages more effectively e.g., through better use of social media and a new consultation and engagement hub.	
(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 are utilised and happen consistently across all portfolio's Review the challenges with vacancy management 	Open	<p>Due to existing budget pressures and vacancy management, which impacts sustainability (Five Ways of Working, Well-being of Future Generations (Wales) Act 2015) work remains ongoing regarding review of pay model. Workshops have been undertaken with Members to review pay model options and costing associated.</p> <p>Integrated Impacts Assessments need to be embedded further within the Council.</p> <p>Development of Portfolio business plans within the Performance Management System is progressing and will assist with linking policies, risks, and plans.</p>	Amber
(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 	Closed (excluding E61)	<p>Recent training provided by APSE to highlight range of benchmarking available and ongoing support provided to key services area. New benchmarking now available to support Climate Change with APSE with the Council exchanging in this opportunity.</p> <p>Career conversations form part of annual appraisals.</p> <p>A review of Member Development and training needs has been completed, with the Constitution and Democratic Services Committee having oversight of this process. A report covering</p>	Green

ANNUAL GOVERNANCE STATEMENT

Internal Council Governance issues	Mitigation Actions	Current Status	Progress Update	Progress RAG
			<p>training and development is taken to the Committee at least quarterly. A final programme will identify sessions / topics that will be 'mandatory', and the Committee will monitor delivery and attendance of these (and all sessions included within the programme).</p> <p>Specific training for members of the Scrutiny Committees has been delivered, as well as sessions on Chairing skills which have been offered to all Members as well as targeting the Chairs and Vice-Chairs of Committees.</p> <p style="color: red;">(E51, E53, E57 closed and E61 – remains open in 2023/24)</p>	Green
<p>(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.</p>	<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 	Open	<p>Risk Management Framework was revised and approved by Governance and Audit Committee in January 2024, shared with Officers and available on the Council's website and Infonet. Officers are reviewing their risks monthly with all risks now transferred and managed within the performance and risk management system.</p> <p>Risk Management e-learning module is in its final stages and will be rolled out August 2024.</p>	Amber

ANNUAL GOVERNANCE STATEMENT

Progress Updates For Significant Strategic Issues Reported in the 2022/23 AGS

The review of the effectiveness of the Council’s governance arrangements identified 29 strategic issues (red risks) during 2022/23. 15 risks remain a red strategic risk, eight risks have since improved and six risks have closed. Reasons as to why six risks have closed and why eight risks have improved is provided below:

Strategic issues in 2022/23 which have since closed	Current Status	Progress Update	Progress RAYG
CC01 – Non-compliance of the Welsh Language Standards	CLOSED	Closed as of April 2024 as Contact Centre is fully staffed with 30% Welsh speakers.	Green
CF14 - Impact on the Housing Revenue Account (HRA) of a sustained loss of housing rent due to the financial position of tenants	CLOSED	Closed as of April 2024 as this risk emanates from the covid response and is no longer a significant risk to the HRA as rent arrears have stabilised, and are consistently falling, over a period of 12 months.	Green
HA06 - Impacts on income stream based on delayed/non recovery of housing benefit overpayment	CLOSED	Risk was merged with CF14 during financial year 2023/24 and closed in April 2024.	Green
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	CLOSED	Risk closed September 2023 for the whole service, however an open risk remains for Children’s Services workforce of qualified and experienced staff.	Green
HR24 - Changes to holiday pay calculations and practices in light of the Supreme Court Judgement in Harper Trust and Brazel	CLOSED	Risk closed May 2024 as changes to calculations and increases in the Council’s annual leave provision means that the Council is legally compliant.	Green
CPA17 - Impact of workload demand and HR issues on remaining employees	CLOSED	Closed December 2023 following a risk register review by the Capital Programme and Assets portfolio and this risk has merged with RCPA01 to become one risk.	Green
CPA12 - Failure to secure mutually agreeable new agreement with Aura / Newydd could lead to financial, reputation, legal and service implications	CLOSED	Risk is closing in June 2024 as it considers all Alternative Delivery Models (ADM). Each ADM will be a individual risk within the risk register.	Green

ANNUAL GOVERNANCE STATEMENT

Strategic issues in 2022/23 which have since closed	Current Status	Progress Update	Progress RAYG
<p>New code as of 2023/24 – RCPA12</p> <p>New description as of 2023/24 - Contractual arrangements requiring review and agreement of Alternative Delivery Models (ADM's)</p>			

Red Strategic issues in 2022/23 which have since improved	Current Score	Progress Update	Progress RAYG
<p>EY06 - Insufficient funding to deliver new archive premises New code as of 2023/24 – REY06</p>	4	This risk is reducing as a grant funding offer has been received from National Lottery Heritage Fund to assist with the costs of building a new archive for the North East Wales Archive on the Theatr Clwyd site, supported by matched capital funding from Flintshire and Denbighshire Councils. Acceptance of the grant funding now needs to be formally approved by both Cabinets.	Yellow
<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>	6	Winter works have been completed now waiting for summer survey period.	Amber
<p>PE33 - Prevent delays in development proceeding by mitigating the impact of Phosphates New code as of 2023/24 – RPE33</p>	2	There are no delays being incurred as National Resource Wales and Welsh Water have now published their joint review of permits for Waste Water Treatment Works, where all three affected Waste Water Treatment Works in Flintshire have a valid permit and headroom within the permit limit to treat more phosphates.	Green
<p>PE34 - Failure to update the Council's Flood Risk Management Strategy to mitigate the flood risk to vulnerable communities New code as of 2023/24 – RPE34</p>	3	A framework strategy has been produced working with the Council's consultants. Meeting consultants at the end of April took place to review draft, identify gaps and information required, and plan engagement both internally within the Council and with key stakeholders.	Yellow

ANNUAL GOVERNANCE STATEMENT

Red Strategic issues in 2022/23 which have since improved	Current Score	Progress Update	Progress RAYG
<p>PE42 - Slow progress with the Strategic Development Plan (SDP) fails to set context for Local Development Plan 2</p> <p>New code as of 2023/24 – RPE42</p>	4	The Council does not control the progress with the SDP as this is with the CJC, who have recently appointed a project co-ordinator. Planning Strategy Manager is leading on producing a background context report for the SDP, highlighting respective positions with LDPs in North Wales, cumulative housing and employment growth targets, and assessing strategic objectives and policies to develop a common set of themes for the SDP. Will also produce an outline framework for the structure of what the SDP could look like.	Yellow
<p>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</p> <p>New code as of 2023/24 – RSS09</p>	9	We are still finding it difficult to source enough capacity externally to be able to meet the residential need. However, we have stabilised the market. The Croes Atti 2 development will increase our internal capacity, and an independent sector home that was previously closed reopened in January, providing capacity for EMI nursing and possibly some residential care.	Amber
<p>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</p> <p>New code as of 2023/24 – RSS10</p>	9	The domiciliary inbox remains high with individuals having to wait for care in some cases. We have been successful in purchasing a block hours contract in Holywell, and are looking at other areas where care is difficult to source; expressions of interest for block hours contracts are going out to the Framework. The ongoing development of Microcare is helping to alleviate the situation; there have been an additional 7 Micro-Carers setup during this financial year, increasing the number of active Micro-Carers to 38. We have directly commissioned with 3 Micro-Care providers this year for personal care services, and 4 for well-being services, and we are actively seeking to develop more direct commissioning.	Amber
<p>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.</p> <p>New code as of 2023/24 – RHR09</p>	9	A number of pay models have been developed and costed (excluding vacancies). Work is underway to validate genuine vacancies (with budget) between HR and Finance. Cabinet/Council advised that no budget has been identified for this workstream.	Amber

ANNUAL GOVERNANCE STATEMENT

What are the Governance Issues Identified During 2023/24?

The review of the effectiveness of the Council's governance arrangements identified thirteen internal governance issue during 2023/24. Details of how the issue has been addressed and if it remains open is provided below. New issues identified are highlighted in red:

Page 153

Internal Council Governance issues for 2023/24	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"> Continue to highlight the role and responsibility of Members Workshop for Members (as and when required) To continue to provide relevant training and learning opportunities
<ul style="list-style-type: none"> (B17, B18, B21, B23, B24, B25, B26) Circumstances previously curtailed the Council's ability to consult and engage, but not the willingness to do so. Ongoing planning to ensure implementation of the Local Government and Elections (Wales) Act 2021 	<ul style="list-style-type: none"> Development of a consultation and engagement hub Creating a Customer and Engagement and Public Participation Strategy Development of social media platforms (Facebook has already been developed) Use of Council's complaints and feedback for continued service improvement
<ul style="list-style-type: none"> (C28, C29, C31, C32, C33) 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"> (D37) Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to priorities competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts. (D40) Considering and monitoring risks facing each partner when working collaboratively including shared risks. 	<ul style="list-style-type: none"> (D37) Implementing the recommendations identified from within the Audit Wales regarding Use of Performance Information: Service User Perspective and Outcomes. Mid-plan review of Council Plan (2023-28) to ensure consideration of service user perspective (D40) When working with partners and collaboratively risks (and also opportunities) are being explored consistently.
<ul style="list-style-type: none"> (E51) Ensuring that there are structures in place to encourage public participation 	<ul style="list-style-type: none"> This internal governance issue mitigation actions for E51 are the same for B17, B18, B21, B23, B24, B25, B26

ANNUAL GOVERNANCE STATEMENT

Internal Council Governance issues for 2023/24	Mitigation Actions
<ul style="list-style-type: none">(F66, F69, F73,) An Internal Audit review of the risk management framework and risk register was undertaken during 23/24 and has highlighted some areas for improvement to build upon the risk management framework.	<ul style="list-style-type: none">Continue to embed the Risk Management FrameworkUndertake annual review of Risk Management FrameworkThe further develop the reporting of risks within the performance and risk management systemReports presented to Committees as of Autumn 2024Roll out of the E-learning risk management training module August 2024

ANNUAL GOVERNANCE STATEMENT

What are the **Strategic** Issues Identified During 2023/24?

The review of the effectiveness of the Council's governance arrangements identified 19 Strategic Red Risks during 2023/24. Details of how the issues have been addressed is provided below:

Strategic Issues for 2023/24	Mitigating Actions	Target Score ¹
EY01 - Secondary schools are not financially viable due to insufficient base funding and falling pupil numbers New code as of 2023/24 - REY01	<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 	15
EY13 - Inability to fully deliver on Welsh Government's Sustainable Communities for Learning Programme due to financial, workforce and contractor implications New code as of 2023/24 - REY13	<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 	15
EY36 - External Grants for Revenue Expenditure New code as of 2023/24 - REY36	<ul style="list-style-type: none"> • Monitoring through monthly Portfolio Finance Meetings; Education programme Board 	15
REY37 - Lack of resources/capacity to meet increasing demand for specialist provision, means children and young people with complex educational needs are not accessing appropriate education provision New risk for 2023/24	<ul style="list-style-type: none"> • Options for an increase in specialist school provision by use of WG grant funding; using grant funding to increase number of places within resource provision in secondary sector 	8
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. 	

¹ Target score for some strategic risks are a red RAYG status and this is due to the nature of the risk itself

ANNUAL GOVERNANCE STATEMENT

Strategic Issues for 2023/24	Mitigating Actions	Target Score ¹
<p>New code as of 2023/24 - RGV01</p>	<ul style="list-style-type: none"> 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 	12
<p>GO10 - Failure to meet agreed deadlines within the Digital Strategy</p> <p>New code as of 2023/24 - RGV03</p>	<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. 	6
<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> <p>New code as of 2023/24 – RHC09</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 Monthly financial review of budgets to monitor current expenditure and project in-year an future pressures 	12
<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 	

ANNUAL GOVERNANCE STATEMENT

Strategic Issues for 2023/24	Mitigating Actions	Target Score ¹
<p>New code as of 2023/24 – RHC10</p>	<ul style="list-style-type: none"> • 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 	15
<p>NR05 – Delays in pre-construction process due to planning and Sustainable Drainage Approval Body (SABS) applications</p> <p>New code as of 2023/24 – RHC11</p> <p>Updated description - Delays in pre-construction process due to planning and sustainable drainage approval body (SABS) applications may lead to late delivery of schemes, and loss of Social Housing Grant (SHG) within the annual PDP allocation</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. 	8
<p>RPE03 - Unable to regenerate Town Centres through implementation of the Town Centre Strategy due to insufficient resources and wider economic trends</p> <p>New risk for 2023/24</p>	<ul style="list-style-type: none"> • Develop new place making plans to set out future actions in each town. Each plan to be based upon refreshed data analysis, commercial assessment and community consultation • Manage expectations from stakeholders by differentiating between aspirations and agreed actions with resources • Monitor the progress of the place making plans and availability of resources for their delivery. 	4

ANNUAL GOVERNANCE STATEMENT

Strategic Issues for 2023/24	Mitigating Actions	Target Score ¹
<p>RPE55 - Inability of the Council to cost its carbon reduction strategy causing issues with identification and commitment of funds to realise the actions needed to become a net zero carbon Council.</p> <p>New risk for 2023/24</p>	<ul style="list-style-type: none"> • Work with Welsh Government, Welsh Local Government Association and other Welsh local authorities to understand and utilise best practice methods for costing carbon actions. Keep abreast of emerging technological solutions and cost implications of same. Where possible, utilise baseline data to forecast costs of associated decarbonisation works. 	4
<p>SS01 –Expenditure on out of county placements increases as placement costs increase in a demand led market.</p> <p>New code as of 2023/24 – RSS01</p>	<ul style="list-style-type: none"> • Working with local providers to reshape the residential market • Maximising local housing options 	9
<p>SS22 - An insufficient supply of placements leads to young people being placed in unregistered settings</p> <p>New code as of 2023/24 – RSS22</p>	<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 • Maximising local housing options 	9
<p>ST-S07 - Inability to achieve national recycling targets due to increased residual waste tonnages collected</p> <p>New code as of 2023/24 – RST07</p>	<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. 	2
<p>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</p> <p>New code as of 2023/24 – RCF18</p>	<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 	9

ANNUAL GOVERNANCE STATEMENT

Strategic Issues for 2023/24	Mitigating Actions	Target Score ¹
<p>RCF09 - Sufficient funding capacity to meet Welsh Housing Quality Standards 2.0 targets</p> <p>New risk for 2023/24</p>	<ul style="list-style-type: none"> Finance and service area are working to assess financial impact and mitigation options, findings reported through to SMT, programme board and COT 	10
<p>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</p> <p>New code as of 2023/24 – RCPA01</p> <p>New description as of 2023/24 – Difficulties in fulfilling workload, recruiting and retaining the right/qualified staff and the impact on the existing workforce. This is a result of multiple factors such as: reduced human resource as a result of historic restructuring and efficiencies; workforce demographics; loss of professional qualified employees.</p>	<ul style="list-style-type: none"> Commission service delivery, with supporting budget Explore different ways of working Review workload/demand and resource 	12
<p>RCPA09 - Compliance with carbon targets for corporate assets/ property</p> <p>New risk for 2023/24</p>	<ul style="list-style-type: none"> All corporate offices have a Building Management System (BMS) . Ty Dewi Sant BMS is being upgraded and will be completed in 24/25 financial year. Building Management systems are being installed in schools, as of May 2024 this project is 80% complete. All new Schools and care homes being constructed will be achieving the Net Zero Carbon requirement, examples being; Mynydd Isa Campus, Ysgol Croes Atti, Flint and the new Croes Atti residential care home. The annual Capital and Repair and Management programme to routinely undertake projects, such as reroofing (and in doing so insulation is brought up to the required standard), single glazed windows to be replaced by thermally efficient units. The phase out of oil boilers of the school’s portfolio has been completed and other boilers within the school’s portfolio to be replaced with the most efficient product available. 	4

ANNUAL GOVERNANCE STATEMENT

Strategic Issues for 2023/24	Mitigating Actions	Target Score ¹
	<ul style="list-style-type: none"> The Council has agreed and will be undertaking a Refit Programme and is contained within the Capital programme. Aim is to achieve an annual CO2 savings of 481 tonnes. To implement the proposed office rationalisation project in order to further reduce the Council's CO2. 	
<p>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</p> <p>New code as of 2023/24 – RCPA13</p>	<ul style="list-style-type: none"> Commissioning services need to challenge via established routes 	12

* The strategic risks identified for 2023/24 are kept under frequent review*

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 161

Neal Cockerton – Chief Executive

Cllr. Ian B Roberts – Leader of the Council

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GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Wednesday 24 th July 2024
Report Subject	Supplementary Financial Information to Draft Statement of Accounts 2023/24
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 the financial year 2023/24.

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 2023/24 has not been included.</p>
1.03	<p>Table 2 shows the number of interim or temporary arrangements in place to cover posts during 2023/24. 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 2023/24. 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 2023/24 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 2023/24 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 2023/24.

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 2023/24

TABLE 1 - COUNCIL EMPLOYEES

Post title	Remuneration	Employers	Annualised pay (where applicable)
	(exc.employers pension contributions)	pension contributions	
	£	£	£
Learning Adviser - School Improvement (Primary)	45,312	9,402	61,296
Educational Psychologist	50,040	10,384	61,941
Streetscene Area Coordinator	60,437	12,510	
Streetscene Operative 4 (Mechanic)	60,597	12,455	
Regional Emergency Planning Manager	61,033	12,634	
Service Manager - Protection & Support	61,126	-£2,315	
Service Manager Housing Assets	61,126	12,653	
Service Manager - Protection & Support	61,126	12,653	
Senior Learning Adviser - Engagement	61,583	12,780	
Team Manager - Resources and Regulated Services	62,480	12,933	
Senior Learning Adviser - Additional Learning Needs	62,562	12,890	
Service Manager - Development	62,696	12,978	
Strategic Finance Manager - Financial Strategy and Insurance/Deputy Section 151 Officer	63,921	13,232	
Streetscene Operative 3	64,257	13,301	
Service Manager - Customer Contact	64,307	13,312	
Streetscene Service Manager	64,407	13,332	
Benefits Manager	65,818	13,668	
Service Manager - Resources	65,959	13,653	
Service Manager - PDSI	65,959	13,653	
Service Manager - Regulated Services	65,959	13,653	
Service Manager - Planning Strategy	65,959	13,653	
Head of Clwyd Pension Fund	65,959	13,653	
IT Infrastructure Services Manager	65,959	13,653	
Service Manager - Access and Natural Environment	65,959	13,653	
Service Manager-Enterprise & Regeneration Programmes	65,959	13,653	
Community & Business Protection Manager	65,959	13,653	
Early Years and Family Support Manager	65,959	13,653	
Service Manager - Housing and Prevention	66,347	13,734	
Senior Learning Disabilities Support Worker	66,797	13,827	
Transportation Manager	67,800	14,035	
Regulatory Services Manager	67,856	14,046	
Highway Network Manager	68,464	14,172	
Principal Education Psychologist	68,505	14,194	
Service Manager - Locality Services	76,827	15,903	
Senior Manager - Learning Engagement	78,016	15,601	
Senior Manager - School Improvement	78,016	16,182	
Senior Manager - Childrens & Workforce	80,844	16,735	
Senior Manager - Safeguarding & Commissioning	80,844	16,735	
Total 2023/24	2,492,736		
Total 2022/23	1,949,677		

TABLE 2 - POSTS COVERED BY INTERIM / TEMPORARY ARRANGEMENTS / CONTRACT

Post title	Cost	Theoretical annual costs
	£	£
Housing Solution Officer	24,258	65,712
Housing Solution Officer	61,182	83,936
Project Manager - Children's First Contact Contract Team	114,720	120,000
Advanced Practitioner - Children's First Contact Contract Team	104,530	108,000
Deputy Team Manager - Children's First Contact Contract Team	8,800	105,600
Project Manager - Court & Children Looked After Agency Contract Team	108,680	108,680
Advanced Practitioner - Court & Children Looked After Agency Contract Team	100,840	100,840
Best Interest Assessor - Safeguarding - Deprivation of Liberty Safeguards	53,541	90,576
Independent Reviewing Officer - Safeguarding	48,438	81,696
Social Worker - Children's First Contact Contract Team	96,915	100,800
Social Worker - Children's First Contact Contract Team	95,340	100,800
Social Worker - Children's First Contact Contract Team	98,070	100,800
Social Worker - Children's First Contact Contract Team	73,150	100,800
Social Worker - Children's First Contact Contract Team	9,625	100,800
Social Worker - Children's First Contact Contract Team	61,880	100,800
Social Worker - Children's First Contact Contract Team	13,230	100,800
Social Worker - Children's First Contact Contract Team	5,040	100,800
Social Worker - Court & Children Looked After Agency Contract Team	95,095	95,095
Social Worker - Court & Children Looked After Agency Contract Team	75,460	92,400
Social Worker - Court & Children Looked After Agency Contract Team	71,610	92,400
Social Worker - Court & Children Looked After Agency Contract Team	59,675	92,400
Social Worker - Court & Children Looked After Agency Contract Team	72,765	92,400
Social Worker - Court & Children Looked After Agency Contract Team	51,205	92,400
Social Worker - Court & Children Looked After Agency Contract Team	12,705	92,400
Social Worker - Court & Children Looked After Agency Contract Team	11,165	92,400
Social Worker - Court & Children Looked After Agency Contract Team	2,310	92,400
Social Worker - Court & Children Looked After Agency Contract Team	34,650	92,400
Social Worker - Children's First Contact	4,080	71,040
Social Worker - Children's First Contact	46,402	66,600
Social Worker - Children's First Contact	19,536	89,226
Social Worker - Family Intervention Team	5,454	65,712
Social Worker - Family Intervention Team	9,094	88,551
Social Worker - Family Intervention Team	9,573	88,551
Social Worker - Family Intervention Team	55,870	75,480
Social Worker - Family Intervention Team	49,097	88,551
Social Worker - Children's Permanency Team	93,403	93,403
Social Worker - Children's Permanency Team	78,355	88,551
Social Worker - Children's Permanency Team	43,546	72,515
Social Worker - Disability Services and Mental Health	11,880	85,248
Social Worker - Adult Social Care - Older People - Locality Services	72,173	75,812
Social Worker - Children's Integrated Disability Service	30,957	75,914
Social Worker - Children's Services - Fostering	7,609	145,978
Social Worker - Children's Services - Family Intervention Team	93,886	103,182
Deputy Team Manager - Children's Services First Contact Team	42,533	88,953
Social Worker - Children's Integrated Disability Service	49,045	87,673
Social Worker - Adult Social Care - Discharge to Assess and Recover Team - Locality Services	60,170	86,668
Social Worker - Adult Social Care - Discharge to Assess and Recover Team - Locality Services	5,207	75,179
Social Worker - Adult Social Care - Discharge to Assess and Recover Team - Locality Services	51,873	86,138
Social Worker - Adult Social Care - Mental Health	36,917	86,610
Social Worker - Adult Social Care - Mental Health	53,403	76,241
Social Worker - Adult Social Care - Mental Health	2,222	75,179
Social Worker - Adult Social Care - Mental Health	36,965	74,098
Project Development Officer - Town Centre and Regeneration	28,796	86,976
Senior Maintenance Surveyor	67,371	67,371
Senior Maintenance Surveyor	52,665	69,853
Senior Maintenance Surveyor	9,087	69,264
Strategic Housing & Regeneration Programme Delivery Manager	84,530	84,530
Strategic Housing & Regeneration Programme Delivery Manager	76,827	79,746
Solicitor - Childrens & Safeguarding	56,039	119,264
Solicitor - Childrens & Safeguarding	69,553	126,628
Accounting Technician	7,419	61,396
Admissions Support Officer	9,968	60,993
Admissions System Implementation Officer	16,628	74,431
Post 16 Learning Adviser	55,397	62,496
Total 2023/24	3,068,409	
Total 2022/23	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 2023/24

TABLE 3 - PAYMENTS TO CONSULTANTS AND NON-PERMANENT POSTS 2023/24

Portfolio	Description	Actual cost incurred	Theoretical annual costs
		£	£
HRA	Project Managing the Dynamic Resource Scheduling System in Repairs	825	132,000
Housing & Communities	Engaged to provide independent review for homeless clients	3,300	132,000
Total 2023/24		4,125	
Total 2022/23		37,413	



GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Wednesday 24 th July 2024
Report Subject	Social Services Care Inspectorate Wales, Performance Evaluation Inspection November 2023 – Action Plan Update
Report Author	Chief Officer (Social Services)
Category	Operational

EXECUTIVE SUMMARY

In October, CIW (Care Inspectorate Wales) announced that they would be visiting Flintshire to undertake a full, routine PEI (Performance Evaluation Inspection) of both Adult's and Children's Services.

The purpose of this inspection was to review the local authority's performance in exercising its social services duties and functions in line with legislation, on behalf of Welsh Ministers.

This was to be the first full inspection the portfolio has received for over 8 years and an opportunity to showcase the creative and innovative practice undertaken here in Flintshire.

The full report was published on Thursday 22nd February 2024 and was largely positive in their findings across Social Services (See appendix 1).

An action plan has now been produced based on the recommendations made by inspectors (see appendix 2).

RECOMMENDATIONS

1	The Committee note the outcome of the report and support the resulting Action Plan.
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REPORT DETAILS

1.00	EXPLAINING THE SOCIAL SERVICES CARE INSPECTORATE WALES, PERFORMANCE EVALUATION INSPECTION NOVEMBER 2023 – ACTION PLAN UPDATE
1.01	In total seven inspectors were involved in the inspection, operating on a hybrid basis with some inspectors visiting Flintshire in person and some

	<p>working remotely. The in-person inspectors were based at Tŷ Dewi Sant but also travelled around to meet staff, partners, service users and their families. The remote inspectors held Microsoft Teams meetings as well as case file reading.</p>
1.02	<p>The inspection lasted for two weeks, starting on 27th November (file reading began on 20th November) and ended on 8th December 2023.</p>
1.03	<p>The purpose of this inspection was to review the local authority's performance in exercising its social services duties and functions in line with legislation, on behalf of Welsh Ministers. The inspectors sought to answer the following questions aligned under the principles of the Social Service (Wales) Well-being 2014 Act:</p> <ul style="list-style-type: none"> • People - voice and control • Prevention • Well-being • Partnerships
1.04	<p><u>The scope of the inspection was:</u></p> <ul style="list-style-type: none"> • Evaluation of the experience of adults and children at the point of performance evaluation inspection. • Evaluation of the experience and outcomes people achieve through their contact with services. • Evidence of the local authority and partners having learnt lessons from their recent experiences and plans for service developments and improvement. • Consideration of how the local authority manages opportunity and risk in its planning and delivery of social care at individual, operational and strategic levels
1.05	<p>The full report was published on 22nd February and can be found in appendix 1, however, from the report they summarised the findings as follows:</p> <ul style="list-style-type: none"> • <i>“There is a stable and experienced senior management team in place across both services providing continuity of leadership.</i> • <i>Partner agencies, providers and stakeholders told us that leaders are visible and there are good relationships at a senior level with open communication.</i> • <i>Practitioners also stated leaders are accessible, approachable, and supportive, and overall, ensure practitioners have the right training and skills. A few practitioners (16%) from children's services who responded to the staff survey noted the leadership and culture within the local authority needed to improve, although (86%) said they were well-supported by managers. Similarly, practitioners (91%) from adult services who responded to the staff survey also stated they were well supported by managers.</i>

- *There are procedures in place to induct new staff members, although at times they would benefit from increased pastoral support. It is acknowledged that a new face-to-face social work collective has been set-up to offer peer support to all social workers across children's and adult services.*
- *Practitioners clearly know the people they support very well. In response to a survey by CIW, many people said they felt respected and listened to by practitioners.*
- *Recruitment and retention of social care practitioners is a national challenge across Wales. The local authority continues to work hard on strategies to support continued recruitment and retention of staff. Examples include commissioning a communications agency to promote working for the local authority and increasing capacity in the workforce development team.*
- *The recent restructure across both services is acknowledged and has potential to provide more resilience, opportunities for greater support and managerial oversight, as well as career progression. A few practitioners across both services felt the consultation about changes in structure had not adequately considered practitioner's views and had impacted their morale as it did not benefit everyone.*
- *The local authority is well sighted on market stability in its area and the needs of its population. There are examples of the local authority implementing successful strategic plans in response to identified need and the lack of certain support services in its area. This has been achieved by working in partnership with Betsi Cadwaladr University Health Board (BCUHB) and other relevant partners to develop innovative services with significant capital investment. Examples include Marleyfield Care Home and Tŷ Nyth Children's Care Home.*
- *The local authority has a comprehensive supervision policy. Practitioners benefit from regular supervision although the practice and standard of recording is inconsistent. The best supervision records focus on reflective practice and professional development. In other examples, more reflection on practice, and an improved focus on professional curiosity, outcomes and staff well-being is required.*
- *The local authority benefits from good corporate and political support. There is a focus on ensuring statutory duties are met. Senior leaders, managers and politicians recognise significant action and resource is required to ensure the local authority's ability to deliver statutory safeguarding responsibilities. As a result, the local authority commissioned two managed care agency teams in children's services to provide additional capacity. This is impacting positively on the outcomes for children and families."*

1.06	<p>An action plan has been produced based on the recommendations from the Inspection Report which can be found in appendix 2. However, a summary of the main actions are as follows:</p> <ul style="list-style-type: none"> • A Practice Directive to practitioners covering inspectors’ findings of inconsistency in practice of case recording, including good practice examples to drive improvement. • Drive recruitment and retention through the Workforce Resilience Project to address local workforce shortages caused by national issues. • Advocacy training sessions delivered by newly commissioned providers to update practitioners on practice requirements and new processes. • Review of Adults Safeguarding documentation templates to ensure that outcomes are clear and evidenced effectively. • Introduction of a new case note format on Paris to ensure the effective management of enquiries and the recording of actions are clear. • Review of Children’s Safeguarding documentation to ensure that that evidence is clearly set out to show completion within set timescales. • Programme of core group training to support Children’s Safeguarding and ensure consistency in processes. • The already planned introduction and implementation of the “Effective Child Protection Model” will contribute significantly to support across Children’s Services. • Implementation of the NSPCC Child Neglect Tool will support to identify and appropriately manage risks. • Commissioning “Leaderful Action” to deliver compassionate leadership workshops with Management Team. • Continue and build upon the work to develop relationships with our partners, ensuring communication is strengthened. • Work in partnership with Housing Portfolio to develop strategies to improve housing options for care leavers.
1.07	The action plan will be completed by March 2025.

2.00	RESOURCE IMPLICATIONS
2.01	Revenue: There are currently no implications for the approved revenue budget for this service for either the current financial year or for future

	<p>financial years. Some actions identified for investigation may have implications for revenue going forward, however, these will be investigated and reported on individually should this be the case.</p> <p>Capital: There are no implications for the approved capital programme for either the current financial year or for future financial years. Some actions identified for investigation, may have implications for capital going forward, however, these will be investigated and reported on individually should this be the case.</p> <p>Human Resources: Actions with proposed implications to human resources are limited to process changes. Actions should not require additional resources or result in additional workload for current workforce.</p>
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3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Consultation with service users, staff and partners was carried out as part of the inspection as detailed above.

4.00	RISK MANAGEMENT
4.01	Impact assessment is not required for this report. Impact Assessments will be undertaken individually (where required) for each action point.

5.00	APPENDICES
5.01	Final report
5.02	Action Plan

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>None.</p> <p>Contact Officer: Naomi Harper, Planning and Development Officer. Telephone: 01352 702544 E-mail: naomi.harper@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	Care Inspectorate Wales (CIW): is a public body that inspects, regulates and improves the quality and safety of services in Wales.

Performance Evaluation Inspection (PEI): is a routine inspection to review the local authority's performance in exercising its social services duties and functions in line with legislation, on behalf of Welsh Ministers.

Social Service (Wales) Well-being 2014 Act: This Act sets out the legal duties and powers of local authorities in Wales to provide care and support for adults, children and carers. It also covers the assessment, charging, financial assessment, looked after children and looked after children's accommodation.

Performance Evaluation Report Flintshire County Council



Introduction

Care Inspectorate Wales (CIW) undertook a performance evaluation inspection of children's and adult services in Flintshire County Council (FCC/the local authority) in November and December 2023. This in accordance with CIW's Framework for Performance Evaluation of Local Authority Social Services and Cafcass Cymru.

The purpose of this inspection was to review the local authority's performance in exercising its social services duties and functions in line with legislation, on behalf of Welsh Ministers.

We consider the quality standards in the Code of Practice in relation to the performance and improvement of social services in Wales and key lines of enquiry. We seek to answer the following questions aligned to the principles of the Social Services and Well-being (Wales) Act 2014 (The Act):

People - voice and control

- How well is the local authority ensuring all people are equal partners who have voice, choice and control over their lives and can achieve what matters to them?
- Is effective leadership evident at all levels with a highly skilled, well-qualified and supported workforce working towards a shared vision?

Prevention

- How well is the local authority ensuring the need for care and support is minimised, and the escalation of need is prevented, whilst ensuring that the best possible outcomes for people are achieved?
- How well is the local authority promoting resilience within communities and people are supported to fulfil their potential by actively encouraging and supporting people who need care and support, including carers, to learn, develop and participate in society?

Well-being

- How well is the local authority ensuring that people are protected and safeguarded from abuse, neglect and any other types of harm?
- How well are people supported to actively manage their well-being and make their own informed decisions so that they are able to achieve their full potential and live independently for as long as possible?

Partnership

- How well is the local authority able to assure itself that effective partnerships are in place to commission and deliver fully integrated, high quality, sustainable outcomes for people?
- Are people encouraged to be involved in the design and delivery of their care and support as equal partners?

1. **Summary - Adult and Children's Services**

- 1.1. There is a stable and experienced senior management team in place across both services providing continuity of leadership.
- 1.2. Partner agencies, providers and stakeholders told us that leaders are visible and there are good relationships at a senior level with open communication.
- 1.3. Practitioners also stated leaders are accessible, approachable, and supportive, and overall, ensure practitioners have the right training and skills. A few practitioners (16%) from children's services who responded to the staff survey noted the leadership and culture within the local authority needed to improve, although (86%) said they were well-supported by managers. Similarly, practitioners (91%) from adult services who responded to the staff survey also stated they were well supported by managers.
- 1.4. There are procedures in place to induct new staff members, although at times they would benefit from increased pastoral support. It is acknowledged that a new face-to-face social work collective has been set-up to offer peer support to all social workers across children's and adult services.
- 1.5. Practitioners clearly know the people they support very well. In response to a survey by CIW, many people said they felt respected and listened to by practitioners.
- 1.6. Recruitment and retention of social care practitioners is a national challenge across Wales. The local authority continues to work hard on strategies to support continued recruitment and retention of staff. Examples include commissioning a communications agency to promote working for the local authority and increasing capacity in the workforce development team.
- 1.7. The recent restructure across both services is acknowledged and has potential to provide more resilience, opportunities for greater support and

managerial oversight, as well as career progression. A few practitioners across both services felt the consultation about changes in structure had not adequately considered practitioner's views and had impacted their morale as it did not benefit everyone.

- 1.8. The local authority is well sighted on market stability in its area and the needs of its population. There are examples of the local authority implementing successful strategic plans in response to identified need and the lack of certain support services in its area. This has been achieved by working in partnership with Betsi Cadwaladr University Health Board (BCUHB) and other relevant partners to develop innovative services with significant capital investment. Examples include Marleyfield Care Home and Tŷ Nyth Children's Care Home.
- 1.9. The local authority has a comprehensive supervision policy. Practitioners benefit from regular supervision although the practice and standard of recording is inconsistent. The best supervision records focus on reflective practice and professional development. In other examples, more reflection on practice, and an improved focus on professional curiosity, outcomes and staff well-being is required.
- 1.10. The local authority benefits from good corporate and political support. There is a focus on ensuring statutory duties are met. Senior leaders, managers and politicians recognise significant action and resource is required to ensure the local authority's ability to deliver statutory safeguarding responsibilities. As a result, the local authority commissioned two managed care agency teams in children's services to provide additional capacity. This is impacting positively on the outcomes for children and families.

Key findings and evidence

We present our key findings and evidence below in line with the four principles of the 2014 Act.

2. People – Voice & Control

Strengths - Adult Services

- 2.1 There are examples of person-centred and comprehensive social care assessments which evidence practitioners have taken time to get to know people. Practice in this area, however, needs to be more consistent because there were also examples of less comprehensive and person-centred assessments.

- 2.2 There are good examples of assessments being written in the first person, evidencing well what matters to people. **This is positive practice.**
- 2.3 Unpaid carers' assessments are appropriately offered. Carers of adults told us they significantly benefitted from carers' assessments and provision of support. There is a wide range of innovative practical support to promote carer well-being including counselling, grants, short-term direct payment provision, and short-term break arrangements.
- 2.4 The well-established direct payment service is valued by people and professionals. It is utilised creatively to support people's well-being outcomes. There is a skilled team who support people to have more control over their care and support arrangements through the flexibility of a direct payment to meet their personal outcomes and promote independence. The local authority's user-friendly direct payment portal provides helpful resources for people. This includes a list of personal assistants and relevant details about them. This assists people to choose who they wish to support them and promotes self-control and autonomy and is reflective of **positive practice.** One carer told us of the significant positive impact direct payments had made on both her and her daughter's life, enabling her daughter to live at home with support and care workers they trust.
- 2.5 People's Welsh language needs are considered and recorded.
- 2.6 The majority of staff (85%) who responded to CIW's staff survey from adult services said they had a manageable workload, and they were well supported by managers (91%). Good morale and peer support within teams was also highlighted.

Areas for improvement

- 2.7 Care and support plans could be further developed by setting clearer SMART outcomes and consistently taking a proactive strengths-based approach. Also, whilst people's voices are clear in some assessments, this approach should be further developed in care and support plans. **Reference should be made to what matters to the individual and personal outcomes should be recorded more consistently in the first person.**
- 2.8 People are sometimes supported through a duty system whilst on a waiting list for allocation to a specific worker. This can be challenging for people as there is insufficient oversight of their circumstances, lack of continuity of support, and people have to re-tell their story. **The local authority should continue with its current efforts to ensure a consistent sufficient,**

qualified, and competent workforce to lessen the need for people to be supported by different practitioners who are unknown to them.

- 2.9 There are examples of direct payment reviews being held. However, there was one example which had not received a review. **The local authority must review the arrangements for the making of direct payments and how they are being used in line with Code of Practice 4 (Meeting Needs) to assess whether personal outcomes continue to be met.**
- 2.10 **When practitioners attempt communication with individuals, the local authority should ensure a more consistent evidence base that reflects the communication methods that have been considered and attempted.**
- 2.11 There is insufficient evidence to demonstrate that advocacy is consistently considered and offered when it would have been appropriate. **This is an area that must be strengthened to demonstrate routine consideration of advocacy particularly in adult safeguarding.**

3. People – Voice & Control

Strengths – Children’s Services

- 3.1 Overall children and young people’s voice and choice is heard and well reflected in records. Section 47 enquiry records include direct quotes from children, focusing on what is important for them and what worries they have. A few core group minutes contained a voice of the child section which is **positive practice** although such practice would benefit from being more consistent.
- 3.2 Children and young people have opportunities to make their voices heard. We found **positive practice** with children having an opportunity to share their thoughts and opinions with a conference buddy prior to a conference held in line with the Wales Safeguarding Procedures (WSP).
- 3.3 Children and young people are overall well-supported by Personal Advisers (PAs). They benefit most from regular communication, with PAs taking a proactive approach in contacting young people and seek to obtain answers to concerns or issues young people may have. A care leaver told us “Mine [PA] is helpful and would find the answers if she didn’t know. Previously I had a bad experience but now she is the first person I go to if I have a problem.”
- 3.4 Care experienced children and young people also benefit from access to a peer support group. Children and young people told us they value this

opportunity to socialise with others who have had similar experiences. They told us; “I like meeting people who have experience of care,” “I’ve been coming to this group for eight years. It gets me out of the house.” This group has enabled some young people to advocate on behalf of care experienced children in formal meetings with the local authority, ensuring their voices are heard.

- 3.5 The local authority has also procured with a neighbouring local authority the ‘Mind of My Own’ app. It is an app that can be downloaded to a digital device with simple pictures and child-friendly words. It is designed for children and young people to share experiences and views on topics relevant to them. This will further enhance a digital offer for children and young people to make their views known in real time.
- 3.6 Children are provided with sufficient time and opportunities to share their views through direct child-centred work. In the pathway planning records for one young person, the social worker explicitly discussed and amended the plan following consultation with the young person, evidencing the young person had been heard.
- 3.7 There are good examples of documentation which clearly captured the voice of a child, and positive examples of records written directly to the child, providing clarity and focus as to why the WSP have been instigated which is **positive practice**. This practice could be more consistent.
- 3.8 Staff spoken with routinely acknowledged the support of managers. This is important in conversations about risk and safety of children as it promotes organisational accountability with practitioners feeling supported in decision-making.
- 3.9 Staff welcome the learning and development opportunities available to them, including support to attend training in certain areas when this was identified as a specific learning need for them.
- 3.10 There are systems in place to review the standard and quality of practice which include file audits. However, some practitioners were unaware of these systems. Therefore, whilst there is evidence of learning across the workforce, this could be improved with wider dissemination of relevant information.
- 3.11 Overall, there are good management mechanisms in place to support frontline practice. Supervision, management oversight records, and authorisations demonstrate there is line manager oversight in key practice areas. We were told by practitioners they value their managers.

- 3.12 The majority of staff who responded to CIW's staff survey from children's services said they had a manageable workload and (78%) also said they were well-supported by managers (86%). We also heard from practitioners who had progressed through different roles within the local authority and how well-supported they had felt. A few respondents (16%) expressed concerns about leadership and culture. They wanted their feedback and concerns to be taken into greater account, to feel more valued and respected, and they wanted the management and support of staff to be more consistent. CIW has received swift responses from the local authority in relation to how the issues raised are/will be addressed, including commissioning of leadership training, and convening of collaborative conversations to further promote and embed a positive culture across the service.
- 3.13 People's Welsh language needs are considered and recorded. We saw an example of the Active Offer being implemented in practice and a parent being able to converse verbally in the Welsh language in line with their wishes. **However, when Welsh is noted as a preferred language, this should also be the language in which documentation is written.** Unless it is the person's preference to have documentation in the English language and a record is made to that effect.

Areas for improvement

- 3.14 Disabled children and young people have to wait long periods of time for short overnight breaks in a residential provision. The local authority aims to provide alternate support in the meantime through direct payments for example. However, **the local authority must so far as is reasonably practicable, ensure it is able to provide looked after and other accommodated children with accommodation that is within the local authority's area and that meets the children's needs. This in line with Code of Practice 6 (Looked After and Accommodated Children).**
- 3.15 As a result of the fragility in the social care workforce, children and young people experience changes in social workers. Children are supported through a duty system rather than an allocated worker at times. Changes in social workers makes it challenging for children to develop trusting relationships. We heard from one young person how they are aware their social worker will soon change. Parents also have to repeat their stories and views to social workers. As a result of changes in practitioners, support can be delayed, with oversight of children and young people's situation also impacted. **The local authority must continue with its current efforts to ensure a consistent, sufficient, qualified, and competent workforce to meet its statutory duties, and should consider an exit strategy for ending the reliance on the commissioned managed agency team.**

4. Well-being

Strengths – Adult Services

- 4.1 There are examples of practitioners appropriately establishing whether a person is an adult at risk, as defined in the WSP, prior to implementing the procedures. From the social care records we reviewed, we found strategy meetings are generally well attended, and Section 126(1) (s.126) enquiries are largely undertaken and completed within statutory timescales.
- 4.2 The local authority offers safeguarding training to providers as well as in-house practitioners which is **positive practice**. This promotes consistency of practice and ensures that the roles and responsibilities in relation to safeguarding are widely understood.
- 4.3 There is a strategic commitment to develop community services. The investment in local hubs and other capital investment supports this agenda. For example, Hwb Cyfle is a purpose-built service for disabled people offering different activities in community-based environments to promote people's well-being. The provision would benefit from increased opportunities to support people to maximise their independence in relation to daily living skills.
- 4.4 There are good examples of the development of innovative teams/posts such as the progression and well-being team. These teams are designed to support people and to prevent escalation of needs.
- 4.5 We saw examples of people being discharged from hospital with support in a timely manner. In 2022, the council reviewed and then made changes to how older people are supported in their discharge planning from hospital through the formation of a Discharge to Assess and Recover Team (DART). The DART service has clear roles and responsibilities supported by effective governance.

Areas for improvement

- 4.6 In relation to adult safeguarding, we saw variation in social care records. Greater clarity is required in relation to the views of the adult at risk, decision making, determinations, and whether subsequent actions have addressed the original concern. The outcomes of the enquiries must be shared with the reporter. **The local authority must ensure that adult safeguarding practice consistently meets with the requirements of the WSP.**

- 4.7 There are examples of people's social care assessments and safeguarding reports indicating they lack mental capacity to make decisions about their care. The quality and decision making of these records is variable. **The local authority must ensure practice consistently aligns with the requirements and principles of the Mental Capacity Act 2005 and the relevant Code of Practice.**
- 4.8 In common with many other local authorities across Wales, people's rights are impacted by the waiting lists for Deprivation of Liberty (DoLS) assessments. **The local authority must ensure that arrangements for the provision for DoLS assessments are fit for purpose and responsive.**
- 4.9 The current recording system does not support practitioners to capture people's strengths and outcomes in a meaningful way. **The local authority should take this into consideration, with the imminent procurement of an updated recording system.**

5. Well-being

Strengths – Children's Services

- 5.1 Children and families' needs in Flintshire are complex and demand is increasing, as is the picture across Wales. Two agency teams have been commissioned to assist the core staff team to meet demand and the local authority's statutory duties. There is corporate and political support for this, evidencing continued support to prioritise services for vulnerable children, young people and their families. It is noted that there is corporate support to maintain the agency team until the time is appropriate to end their contract.
- 5.2 Overall, safeguarding responses, such as convening initial strategy discussions, are timely.
- 5.3 There is evidence of exceptional strengths-based practice utilised by individual practitioners. This is **positive practice. For this approach to become embedded, the local authority should consider a model of practice that highlights what needs to change in families, with greater focus on how family and wider community networks can be facilitated to keep children safe.** A model would promote a shared understanding across agencies of safeguarding practice and management of risk. It would also provide practitioners with consistent tools and templates in relation to recording and maintaining focus on risk. It is acknowledged that the local authority is on a journey to fully implement a model of practice. This has already commenced with an initial focus on neglect, with the local authority having purchased a neglect-graded profile tool through the National Society

for the Prevention of Cruelty to Children (NSPCC) to support practice. This is a **positive** response by the local authority to a high number of children affected by neglect on the child protection register (CPR).

- 5.4 In the specific early phase of a Section 47 enquiry, the standard of practice is good and there is evidence of appropriate managerial oversight to inform and support practice.
- 5.5 We saw an example of **positive practice** where a health professional chaired a core group meeting, evidencing in line with the WSP, that chairing and minuting of these meetings is a joint responsibility between children's services and relevant partners.¹

Areas for improvement

- 5.6 There is indication the threshold for significant harm is not always applied consistently when considering removing children from the CPR. We heard this may be as a result of a misplaced conception that maintaining a child's name on the CPR is a means of ensuring continued support services for a child and their family. **The local authority should consider sharing guidance more widely with relevant partners and stakeholders to ensure consistent and shared understanding of thresholds and information sharing protocols.**
- 5.7 Risks are appropriately considered, with timely progression to the right service for children and families. There are, however, delays for some families subject to child protection procedures as enquiries are not always completed promptly. It is not always clear what the determination is post completion of a Section 47 enquiry. **Managers must ensure that, following the timely conclusion of a child protection enquiry, next steps are explicitly recorded with clarity and rationale in relation to the determinations under Section 3 Part 1 of the Wales Safeguarding Procedures.**
- 5.8 As Section 47 enquiries are not always completed in the required timescales, this impacts on timely decision making as to whether a child's name should be included on the CPR. **The local authority should ensure that when it has been determined that a child is experiencing or is at risk of experiencing harm, abuse or neglect, a child protection conference is convened within 15 working days of the strategy discussion/meeting, or the last strategy discussion/meeting (if more than one has occurred), which initiated the Section 47 enquiry.**

¹ [Full report - Rapid Review of Child Protection Arrangements FINAL FOR PUBLICATION \(careinspectorate.wales\)](#)

- 5.9 Some care and support protection plans viewed are service led, with a focus on compliance instead of outcomes. Care and support protection plans are not routinely updated after core group meetings. It is acknowledged that recent training commissioned by the local authority has focused on clarifying roles and responsibilities for social workers. **An outline care and support protection plan devised at first conference should be developed into a more detailed plan at the first core group meeting as is highlighted in the WSP. Subsequent core groups should specifically review progress of outcomes for the child's safety. Leaders should ensure practitioners have clear systems and standards for developing plans which are child-centred and outcome-focused.**
- 5.10 We saw examples of disclosures by police about an individual's criminal background, with a potential risk for a child, having been appropriately considered to promote children's safety. However, sharing of the information was not always completed in a timely manner with pressures of work cited in one example as the reason for the delay. **When the local authority is aware of such information, and it has been agreed they can share information with relevant individuals to promote a child's safety, this must be done in a timely manner.**

6. Prevention

Strengths – Adult Services

- 6.1 Capacity has been created to enable applications for grant funding to be made. This is coordinated through a designated officer, and evidences good corporate support for promoting the preventative agenda.
- 6.2 There are good examples of the local authority working hard to reshape and redesign its service in lines with its vision of people receiving reablement and community-based rehabilitation support. For instance, the expansion of Marleyfield Care Home which enables people to recover following a hospital stay and return to live independently. The local authority invested from its own capital programme supported by Welsh Government grants. The development and implementation of the operational model has been co-produced with BCUHB. This supports the local authority's plan to increase its own residential care capacity, whilst also supporting BCUHB with additional Step-Up Step-Down bed capacity.
- 6.3 Further demonstration of FCC's commitment to support people to return home and to live independently is its plan to expand step-down provision through the development of Croes Atti Newydd, building on their learning from Marleyfield Care Home. Croes Atti Newydd is being developed as part of the

local authority's own capital development supported by Health and Social Care Regional Integration Fund and will offer other services in addition to a step-down facility.

- 6.4 The local authority is proactive in promoting different types of services to support people to reach their outcomes, and to enable people to live in their own homes for longer. An example of this **positive practice** is the local authority's promotion and support for micro carers. Similar to the direct payment portal, the local authority has an easy to navigate micro carer portal. This enables people to be able to find and manage their own support. The micro carers are on a specific framework, evidencing their suitability to support people and enabling the local authority to directly commission a service from them.
- 6.5 As is common across Wales, people in some areas of the county are having to wait for domiciliary care packages to support them with their care and support needs. This means people may be inadequately supported during this time, and this may place additional responsibilities on unpaid carers. The Council's Plan for 2023-2028 highlights innovative ideas to try and expand options to provide support. Examples include continuing to grow their in-house homecare service, utilising a rolling scheme of recruitment and promoting and supporting the expansion of micro carers. There is also the availability of pooled cars, and **positive practice** of the local authority commissioning paid drivers to transport care workers who are non-drivers as means of ensuring people are supported.
- 6.6 Single Point of Access (SPoA) in Flintshire provides a swift and responsive service seven days a week which is **positive practice**. We observed the high number of calls coming in and practitioners respectfully answering the calls. This has been corroborated by a person who spoke with us "*They were swift and I'm always confident I can speak to people in SPOA.*" They were equally complimentary of other parts of adult services, evidencing adult services as a whole is focused on preventing escalation of need.

Areas for improvement

- 6.7 Waiting lists for social care assessments and reviews are high and can impact negatively on people. Oversight of waiting lists for social care assessments is inconsistent across teams. Whilst we received verbal reassurance about oversight of waiting lists in teams, there was limited records to evidence this. **The local authority must ensure that waiting lists are appropriately and consistently monitored and key information is recorded to evidence appropriate prioritisation of cases.**

- 6.8 Care and support plans are not always reviewed in a timely manner. **The local authority must keep care and support plans under review to understand whether the provision of care and support is meeting the identified needs of the individual, and to consider if their needs have changed and if a re-assessment is required.**

7. Prevention

Strengths – Children’s Services

- 7.1 The local authority is focused on ensuring the need for care and support is minimised and escalation of need is prevented. There is a well-established Early Help Hub, which includes a range of partners and third sector agencies. The focus is on delivering more timely and appropriate support to families with greater levels of need to those who are supported by universal service solely. In addition, the local authority has created an Information, Advice and Assistance service (IAA) at the beginning of this year. This was a response to the pressure of increase in contacts with the focus on continuing to support families at an early stage.
- 7.2 There is a focus on promoting the well-being of young carers. Children were observed to benefit from the availability of support in a young carers support group. They clearly enjoyed the activities on offer and the company of both practitioners and peers alike.
- 7.3 There is a clear strategic focus on supporting placements in a care home and foster placements, as well as supporting children to remain in the care and/or return to the care of their families through Multi Systemic Therapy (MST). The teams provide support 24 hours a day 7 days a week. One of the teams, North East Wales MST- FIT, supports children who live in Tŷ Nyth as well as children who live at home with their parents. Tŷ Nyth is the first Integrated Treatment Model Home in Wales and is subject of tripartite funding between the local authority, BCUHB and a neighbouring local authority. Children and young people’s outcomes have improved following support from MST.
- 7.4 The local authority has developed a toolkit in response to the Public Law Outline (PLO) refresh implemented in January 2023 by the judiciary across England and Wales. It contains a range of new documentation which will further promote continuity of strengths-based practice. It also provides clarity to parents about what the concerns are about their children, and what changes are required to reduce the concerns. Children who are ten years of age or over will also be allocated a PLO buddy, similar to a conference buddy, to ensure their voice is obtained as part of these pre-court proceedings specifically. This is **positive practice** as it further promotes the voice of

children and their families. Practice can be improved by ensuring that records sufficiently detail when and where a decision was made to commence PLO proceedings, and to reflect that decision making in this respect is timely.

Areas for improvement

- 7.5 Children who are neurodiverse or who are awaiting diagnosis of a potential neurodiverse condition, and their parents, do not always receive prompt and adequate support and communication. Delays in support impact on their well-being. It is acknowledged that the local authority is well-sighted on this and has recently developed their service to include having a dedicated role to respond and support parent/carers sooner, whilst their children are awaiting a neurodiverse assessment/diagnosis. **The local authority should continue to have oversight and monitor the effectiveness of this development and the impact of this for children and families.**

8. Partnership

Strengths – Adult Services

- 8.1 The local authority works well with providers across Flintshire at an operational level to support service delivery and efficiency. Providers told us they have open lines of communication with staff in the local authority and feel comfortable to use them as a ‘sounding board’ for new ideas and projects.
- 8.2 The local authority holds frequent meetings with colleagues in BCUHB to discuss quality of care and provision in care homes in the area. We observed how this forum promotes effective information sharing and informed decision-making in relation to subsequent actions that agencies would take.
- 8.3 The Progress for Providers scheme is highly regarded by practitioners and providers alike. The scheme enables care home and domiciliary support providers to work towards different awards of bronze, silver and gold in relation to how well they deliver personalised support to people. The approach is **positive** as it promotes outcome-based practice rather than traditional task-based support and the range of tools and guidance to support providers is valuable. The local authority regrades providers according to their performance.
- 8.4 The local authority supports young people with a learning disability up to the age of 25 years to obtain work placements with the aim of paid employment. A more recent development is that this will now be offered to individuals over the age of 25 years with a learning disability. This is a positive joint approach between the local authority, HFT (an established charity supporting people

with learning disabilities), housing association Clwyd Alyn, and Coleg Cambria.

Areas for improvement

- 8.5 Most partnerships are working well at an operational level; however, information is not always shared effectively due to different methods and systems for recording information. This means information regarding people's care and support needs is not easily available across partners, to include some practitioners employed by the local authority. **The local authority should consider, whilst they are procuring a new recording system, how they can further promote information sharing.** All relevant practitioners in different teams within FCC such as locality, substance misuse, and community mental health teams should be able to access all records of the person they support. This would support information sharing and promote a greater oversight and understanding of a person's circumstances.
- 8.6 The local authority must strengthen its systems around carers assessments to ensure the rights and voice of all carers are fully promoted. Carers assessments are not adequately recorded or communicated with the local authority. We saw examples where practitioners are not aware of whether a carer's assessment had been undertaken, and if so, the outcome of the assessment. **The local authority must have greater oversight of these assessments to be confident that it fully meets its responsibilities in line with the requirements of Part 3 and Part 4 of the Code of Practice (assessing and meeting the needs of individuals).**

9. Partnership

Strengths – Children's Services

- 9.1 Systems and relationships are mainly in place to facilitate effective partnership working. Both internal to children's services and in working with partners, there is a shared ethos to safeguard and promote the well-being of children.
- 9.2 Overall, at a strategic level, work with partners is based on a shared understanding and cooperation. Partners described leaders as being transparent and open to challenge. There is regular communication across sector leads, although persistent change in managers in partner agencies was cited as a challenge in working consistently. Some third sector partners considered their work with children's services could be improved in relation to inclusivity and their participation in planning of services.

- 9.3 Information sharing between agencies through Section 47 enquiries, initial child protection conferences and core groups is evident. In further meetings such as review conferences, there can be diminishing contribution from partner agencies. Partner agencies expressed they wished to be more involved in initial strategy discussions/meetings. There is work already underway to establish a MASH (Multi Agency Safeguarding Hub) within the local authority which will further promote involvement and multi-agency working.
- 9.4 Placement sufficiency is a challenge across Wales and the local authority has in the past placed children in services which are operating without registration. However, the local authority has utilised significant capital investment to meet its duty of providing sufficient accommodation within its own area to children looked after. An example of this **positive practice** is the recent investment in in house residential care including the recent build of Y Dderwen and the development of 2 small group homes. Children benefit from living close to their family, friends, and community.
- 9.5 Care leavers benefit from continued support once they leave care. This in the form of the 'When I am Ready' scheme, whereby young people remain with foster carers whilst they transition into adulthood. Young people told us how they valued this provision. However, they said they feel hurt that the documentation refers to them as tenants rather than family members of the foster carers they choose to continue to live with. They very much regard themselves as part of the foster carers' family and vice versa. **The local authority should consider how they can influence a change in terminology.**

Areas for improvement

- 9.6 **Children's services must communicate information about duty to report outcomes in a timely manner to the person who made the initial report.** There are inconsistencies in current practice in relation to this.
- 9.7 **Children's services must ensure that appropriate agencies are invited to strategy discussions/meetings in line with the WSP, to include but not limited to, a practitioner making the report and practitioners from education and community-based health services if relevant.**
- 9.8 The views and experiences of parent/carers of disabled children indicated that the availability of support to them could be strengthened and more flexible. They told us the support offered was not always suitable for their and their child's needs. **The local authority must ensure the parent/carer is involved as a full partner in assessing to what extent they are able to**

meet their personal outcomes, or with the support of others who are willing to provide that support; or with the assistance of services in the community to which they have access.

- 9.9 We saw examples of children who were leaving care having to present as homeless to receive housing support. Practitioners also shared that accommodation for young people is an ongoing challenge and an area for improvement. There are clear longer-term options to support young people in general with housing support, in line with the well-being objectives in the Council Plan for 2023-2028. An example is a strategic plan, informed by a multi-agency approach, to create a young person's homeless hub which will offer accommodation as well as support services. **However, the local authority must continue to prioritise its programme of ensuring appropriate housing options for young care leavers and relevant 16–17-year-olds.** This in both the longer and shorter term, and where possible, avoiding the need for care leavers to present as homeless.

10. Next Steps

We expect Flintshire County Council to take appropriate action to improve the areas identified for improvement. We will monitor progress through our ongoing performance review activity with the local authority. We welcome the local authority sharing the positive practice identified with other local authorities, to share learning and help drive continuous improvement in statutory services throughout Wales.

11. Methodology

Fieldwork

- Most inspection evidence was gathered by reviewing the experiences of 45 people through review and tracking of their social care record. We reviewed 34 social care records and tracked 10.
- Tracking a person's social care record includes having conversations with the person in receipt of social care services, their family or carers, key worker, the key worker's manager, and where appropriate other professionals involved
- We engaged, through interviews and/or focus groups, with 40 people receiving services and/or their carer.
- We engaged, through interviews and/or focus groups with 133 local authority employees and elected members (this included but was not limited to social workers, team managers, operational managers, senior managers and director of social services).
- We interviewed a range of partner organisations.

- We reviewed a sample of staff supervision records.
- We observed a resource panel and an interagency meeting in adult services.
- We reviewed supporting documentation sent to CIW for the purpose of the inspection.
- We administered surveys to local authority social services staff, partner organisations and people.

Our Privacy Notice can be found at <https://careinspectorate.wales/how-we-use-your-information>.

12. Welsh Language

CIW is committed to providing an active offer of the Welsh language during our activity with local authorities.

The active offer was not required on this occasion. This is because the local authority informed us that people taking part did not wish to contribute to this performance evaluation inspection in Welsh.

13. Acknowledgements

CIW would like to thank staff, partners and people who gave their time and contributed to this inspection.

14. Glossary

Must -Improvement is deemed necessary in order for the local authority to meet a duty outlined in legislation, regulation or code of practice. The local authority is not currently meeting its statutory duty/duties and must take action.

Should - Improvement will enhance service provision and/or outcomes for people and/or their carer. It does not constitute a failure to meet a legal duty at this time; but without suitable action, there is a risk the local authority may fail to meet its legal duty/duties in future.

Positive practice - Identified areas of strength within the local authority. This relates to practice considered innovative and/or which consistently results in positive outcomes for people receiving statutory services.

Prevention and Early Intervention - A principle of the Act which aims to ensure that there is access to support to prevent situations from getting worse, and to enhance the maintenance of individual and collective well-being. This principle

centres on increasing preventative services within communities to minimise the escalation of critical need.

Voice and Control - A principle of the Act which aims to put the individual and their needs at the centre of their care and support, and giving them a voice in, and control over, the outcomes that can help them achieve well-being and the things that matter most to them.

Well-being - A principle of the Act which aims for people to have well-being in every part of their lives. Well-being is more than being healthy. It is about being safe and happy, having choice and getting the right support, being part of a strong community, having friends and relationships that are good for you, and having hobbies, work or learning. It is about supporting people to achieve their own well-being and measuring the success of care and support.

Co-Production - A principle of the Act which aims for people to be more involved in the design and provision of their care and support. It means organisations and professionals working with them and their family, friends and carers so their care and support is the best it can be.

Multi-Agency working - A principle of the Act which aims to strengthen joint working between care and support organisations to make sure the right types of support and services are available in local communities to meet people's needs. The summation of the Act states that there is a requirement for co-operation and partnership by public authorities.

SMART - SMART is a best practice framework for setting goals. A SMART goal should be specific, measurable, achievable, realistic and time bound.

What matters - 'What Matters' conversations are a way for professionals to understand people's situation, their current well-being, and what can be done to support them. It is an equal conversation and is important to help ensure the voice of the individual or carer is heard and 'what matters' to them

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Adult’s Services					
Finding	Action	Owner	Timescale	Evidence of success	
People - Voice and Control - Strengths					
2.1	There are examples of person-centred and comprehensive social care assessments which evidence practitioners have taken time to get to know people. <i>Practice in this area, however, needs to be more consistent because there were also examples of less comprehensive and person-centred assessments.</i>	Practice Directive to be created to remind practitioners on the requirements of a comprehensive and person-centred assessment. The Practice Directive will include a refresher on the basics as well as including some good practice examples.	Jan Bellis Chris Phillips Jo Taylor	By 30 th June 2024	
People - Voice and Control - Areas for improvement					
2.8	Care and support plans could be further developed by setting clearer SMART outcomes and consistently taking a proactive strengths-based approach. Also, whilst people’s voices are clear in some assessments, this approach should be further developed in care and support plans. Reference should be made to what matters to the individual and personal outcomes should be recorded more consistently in the first person.	Practice Directive to be created to support practitioners with the creation of outcomes utilising SMART objectives with a strengths-based approach. The Practice Directive will include some good practice examples.	Jan Bellis Chris Phillips Jo Taylor	By 30 th June 2024	
	People are sometimes supported through a duty system whilst on a waiting list for allocation to a specific worker. This can be challenging for people as there is insufficient oversight of their circumstances, lack of continuity of support, and people have to re-tell their story. The local authority should continue with its current efforts to ensure a consistent sufficient, qualified, and competent workforce to lessen the need for people to be supported by different practitioners who are unknown to them.	Progressing through the Workforce Resilience Project workstreams, looking at a) improving our success in recruitment and b) what can be done to retain our current workforce. Consideration is to be given to introducing a consistent duty social worker role to each Locality Team pending outcome of current trial.	Jan Bellis Chris Phillips Jo Taylor	Ongoing with monthly meetings Review by 30th June 2024	

2.9	<p>There are examples of direct payment reviews being held. However, there was one example which had not received a review. The local authority must review the arrangements for the making of direct payments and how they are being used in line with Code of Practice 4 (Meeting Needs) to assess whether personal outcomes continue to be met.</p>	<p>This is an isolated incident due to circumstances of a particular case. There is good practice and processes in place to ensure the robust review of Direct Payments.</p> <p>A recent review of the Direct Payment financial processes has been undertaken and actions from this will be implemented:</p> <ul style="list-style-type: none"> • Move to proportionate monitoring using new risk assessment matrix. • Reduce surplus funds allowance from 8 to 6 weeks. • Move all Direct Payments to more effective management solutions i.e., remove all PADP and paper monitoring. • Improve completion of correct service information data. 	Jan Bellis Chris Phillips Jo Taylor	By 30 th September 2024	
Page 198 2.10	<p>When practitioners attempt communication with individuals, the local authority should ensure a more consistent evidence base that reflects the communication methods that have been considered and attempted.</p>	<p>Practice Directive to be created to remind practitioners on the requirements of recording and evidencing communication attempts.</p> <p>The Practice Directive will include a refresher on the basics as well as including some good practice examples.</p> <p>This will be reviewed and monitored on an ongoing basis through casefile audit process.</p>	Jan Bellis Chris Phillips Jo Taylor	By 30 th June 2024	
2.11	<p>There is insufficient evidence to demonstrate that advocacy is consistently considered and offered when it would have been appropriate. This is an area that must be strengthened to demonstrate routine consideration of advocacy particularly in adult safeguarding.</p>	<p>Practice Directive to be created to remind practitioners of the advocacy offer available, information on the new advocacy contracts as well as detail on the differences and appropriateness for family advocacy vs. formal advocacy will be included in this directive. The Practice Directive will emphasise the need to record the advocacy offer in documentation along with the considerations given during the investigation of whether advocacy is required.</p>	Jan Bellis Chris Phillips Jo Taylor Jane Davies Jayne Belton Michele Hingston	By 30 th June 2024	

		Audit checklist to be amended and expanded to ask if advocacy was used and if not, why not.	Jacque Slee	Complete	Audit checklist now includes this question.
		Advocacy providers will be invited to deliver information sessions for teams, giving information about the new offer and answer questions.	Workforce Development Team	By 30 th June 2024	
		Create a report in Paris to investigate how many are completing advocacy information to monitor the progress with commentary.	Jacque Slee	Complete	Data is available and able to be provided from Paris as and when required. This will be monitored at the Quarterly Performance Review meeting.

Adult's Services					
Finding		Action	Owner	Timescale	Evidence of success
Well-being - Strengths					
Page 199	4.3	<p>There is a strategic commitment to develop community services. The investment in local hubs and other capital investment supports this agenda. For example, Hwb Cyfle is a purpose-built service for disabled people offering different activities in community-based environments to promote people's well-being. The provision would benefit from increased opportunities to support people to maximise their independence in relation to daily living skills.</p>	<p>We readily accept this recommendation through the tender process for our day services. All day services contacts are due for renewal in the next 12 months and will be reviewed in line with these recommendations.</p> <p>A different approach will be adopted to stipulate a requirement in the new contracts for people to learn new skills, increasing independence and improving daily living skills, progressing to fulfil their potential as well as take part in fun activities. Increasing opportunities for people to participate in Supported Employment and other forms of Community Support will be featured in Service Specifications for the future.</p> <p>This will also be expanded to include short term care.</p>	<p>Jan Bellis Jo Taylor</p>	<p>By February 2025</p>
Well-being - Areas for Improvement					

4.6	In relation to adult safeguarding, we saw variation in social care records. Greater clarity is required in relation to the views of the adult at risk, decision making, determinations, and whether subsequent actions have addressed the original concern. The outcomes of the enquiries must be shared with the reporter. The local authority must ensure that adult safeguarding practice consistently meets with the requirements of the WSP.	Review of closure forms to ensure that subsequent actions have met the original concerns.	Michele Hingston Jayne Belton	By 30 th June 2024 and ongoing	
		Discussions with the team to ensure recording and reporting back is consistent.		By 30 th June 2024	
		Review of the Paris form to ensure that there is a relevant space to capture this.		By 30 th June 2024	
4.7	There are examples of people's social care assessments and safeguarding reports indicating they lack mental capacity to make decisions about their care. The quality and decision making of these records is variable. The local authority must ensure practice consistently aligns with the requirements and principles of the Mental Capacity Act 2005 and the relevant Code of Practice.	Practice Directive to be created to remind practitioners of the expectation of the quality of their recording their evidence.	Janet Bellis Chris Phillips Jo Taylor	By 30 th June 2024	
		One particular case highlighted an issue. Lessons Learnt will be undertaken and will drive further actions.	Jane Davies Jayne Belton Michele Hingston	By 30 th June 2024	
4.8	In common with many other local authorities across Wales, people's rights are impacted by the waiting lists for Deprivation of Liberty (DoLS) assessments. The local authority must ensure that arrangements for the provision for DoLS assessments are fit for purpose and responsive.	Robust process is in place and is continually under review. Urgent cases are prioritised, the process is reactive.	Jane Davies Jayne Belton Michele Hingston	Complete / Ongoing	Process will remain continually under review.
4.9	The current recording system does not support practitioners to capture people's strengths and outcomes in a meaningful way. The local authority should take this into consideration, with the imminent procurement of an updated recording system.	Circulation of good practice cases identified at monthly casefile audit sessions will continue to support compliance with the recording policy.	Jacque Slee	Complete	Will be circulated to Team Managers to review with Teams on an ongoing basis.
		Procurement for the new system will be approximately 3 years, this will be taken into consideration during this process.	Jane Davies Jacque Slee Claire Clements	In progress / Long term	

Adult's Services					
Finding		Action	Owner	Timescale	Evidence of success
Prevention - Areas for Improvement					
6.7	Waiting lists for social care assessments and reviews are high and can impact negatively on people. Oversight of	Paris will be updated to include a new enquiry priority option and a new casenote	Jan Bellis Chris Phillips	Complete	Paris has been updated to include the new casenote type/reason.

	waiting lists for social care assessments is inconsistent across teams. Whilst we received verbal reassurance about oversight of waiting lists in teams, there was limited records to evidence this. The local authority must ensure that waiting lists are appropriately and consistently monitored and key information is recorded to evidence appropriate prioritisation of cases.	type/reason. This will ensure that action taken on Enquiries Manager before allocation can be clearly identified and evidenced.	Jacque Slee Claire Clements		Communication has been sent to Team Managers.
6.8	Care and support plans are not always reviewed in a timely manner. The local authority must keep care and support plans under review to understand whether the provision of care and support is meeting the identified needs of the individual, and to consider if their needs have changed and if a re-assessment is required.	Implemented changes to process for hospital discharges. Cases now sent directly to review meaning that they are reviewed sooner than going to locality. Further consideration of changes to processes is being undertaken within current resource restrictions.	Janet Bellis Chris Phillips Hannah Thomas	By 30 th June 2024	

Adult's Services					
Finding	Action	Owner	Timescale	Evidence of success	
Partnership - Areas for Improvement					
Page 201 8.5	Most partnerships are working well at an operational level; however, information is not always shared effectively due to different methods and systems for recording information. This means information regarding people's care and support needs is not easily available across partners, to include some practitioners employed by the local authority. The local authority should consider, whilst they are procuring a new recording system, how they can further promote information sharing. All relevant practitioners in different teams within FCC such as locality, substance misuse, and community mental health teams should be able to access all records of the person they support. This would support information sharing and promote a greater oversight and understanding of a person's circumstances.	Procurement of system to replace Paris is underway and will be complete in approximately 3 years.	Jacque Slee Claire Clements	In progress / Long term	
		Consider potential for access to Paris for FCC MH Social Workers.		By 30 th June 2024	
		Discussion with Jo Taylor to investigate wider access to Paris for other team members – Jacque Slee to arrange a meeting.		By 30 th June 2024	Meeting has been booked. Update following meeting

8.6	The local authority must strengthen its systems around carers assessments to ensure the rights and voice of all carers are fully promoted. Carers assessments are not adequately recorded or communicated with the local authority. We saw examples where practitioners are not aware of whether a carer's assessment had been undertaken, and if so, the outcome of the assessment. The local authority must have greater oversight of these assessments to be confident that it fully meets its responsibilities in line with the requirements of Part 3 and Part 4 of the Code of Practice (assessing and meeting the needs of individuals).	Explore options for specific Social Services individuals to have access to the NEWCIS Charity Log system to be able to access Carers Needs Assessments as and when required.	Jane Davies Janet Bellis Naomi Harper NEWCIS	By 30 th June 2024	
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Children's Services					
Finding	Action	Owner	Timescale	Evidence of success	
People - Voice and Control - Strengths					
3.1	Overall children and young people's voice and choice is heard and well reflected in records. Section 47 enquiry records include direct quotes from children, focusing on what is important for them and what worries they have. A few core group minutes contained a voice of the child section which is positive practice although such practice would benefit from being more consistent.	TAF group established to conduct file audits on core group documentation and consider if they are they presenting the daily lived experience of the child and is that then fed through into the recording.	Jayne Belton	By 30 th June 2024	
		Dedicated core group training will be rolled out again. 12-month programme is set to start in May.	Safeguarding and Workforce Development Teams	Beginning on 14 th May 2024	
		Specified minute taker assigned for core groups. Individual will be included in training and will be key in ensuring the voice of the child is captured.	Jayne Belton Shireen Rogers	By 30 th June 2024	
3.7	There are good examples of documentation which clearly captured the voice of a child, and positive examples of records written directly to the child, providing clarity and focus as to why the WSP have been instigated which is positive practice . This practice could be more consistent.	Practice Directive to be created. Establish TAF group to write this as a training support. Information: Consideration of tailoring the information to the age of the child and the literacy age of the parent.	Jayne Belton Brigid Gribbin	By 30 th June 2024	

		This will be reinforced through roll out if the programme the “Effective Child Protection” model.			
3.10	There are systems in place to review the standard and quality of practice which include file audits. However, some practitioners were unaware of these systems. Therefore, whilst there is evidence of learning across the workforce, this could be improved with wider dissemination of relevant information.	Review communication lines for information dissemination.	Peter Robson Jane Turvey Suzanne Johnston	By 30 th June 2024	
		Ensure that feedback from File Audits is presented at Team managers Meetings.	Peter Robson Jane Turvey Suzanne Johnston	By 30 th June 2024	
		Include information on File Audit process in the Induction Pack to inform newly qualified, newly appointed team members.	Naomi Harper	End March 2024	Complete, documents published.
		Develop peer audit model.	Peter Robson Jane Turvey Suzanne Johnston	By 30 th June 2024	
Page 203 12	A few respondents (16%) expressed concerns about leadership and culture. They wanted their feedback and concerns to be taken into greater account, to feel more valued and respected, and they wanted the management and support of staff to be more consistent.	Commissioned “Leaderful Action” to deliver compassionate leadership workshops with Management Team.	Craig Macleod	By 30 th September 2024	
		Progressing through the Workforce Resilience Project workstreams, in particular the creation of a staff Retention Plan	Craig Macleod Peter Robson Suzanne Johnston Jane Turvey	Ongoing with monthly meetings	
3.13	People’s Welsh language needs are considered and recorded. We saw an example of the Active Offer being implemented in practice and a parent being able to converse verbally in the Welsh language in line with their wishes. However, when Welsh is noted as a preferred language, this should also be the language in which documentation is written. Unless it is the person’s preference to have documentation in the English language and a record is made to that effect.	Practice Directive to be created to set the expectation and ensure understanding of processes behind this. Practice Directive will be issued to both Adults’ and Children’s Services.	Jane Davies	By 30 th June 2024	

People - Voice and Control - Areas for Improvement					
3.14	<p>Disabled children and young people have to wait long periods of time for short overnight breaks in a residential provision. The local authority aims to provide alternate support in the meantime through direct payments for example. However, the local authority must so far as is reasonably practicable, ensure it is able to provide looked after and other accommodated children with accommodation that is within the local authority's area and that meets the children's needs. This in line with Code of Practice 6 (Looked After and Accommodated Children).</p>	<p>Update and issue a revised Commissioning Placement Strategy that identifies placement needs, and local authority placement/commissioning intentions within the context of Welsh Government's policy and legislative framework for removing profit from Children's social care.</p>	<p>Craig Macleod Jo Taylor</p>	<p>By 30th September 2024</p>	
Page 2015	<p>As a result of the fragility in the social care workforce, children and young people experience changes in social workers. Children are supported through a duty system rather than an allocated worker at times. Changes in social workers makes it challenging for children to develop trusting relationships. We heard from one young person how they are aware their social worker will soon change. Parents also have to repeat their stories and views to social workers. As a result of changes in practitioners, support can be delayed, with oversight of children and young people's situation also impacted. The local authority must continue with its current efforts to ensure a consistent, sufficient, qualified, and competent workforce to meet its statutory duties, and should consider an exit strategy for ending the reliance on the commissioned managed agency team.</p>	<p>Progressing through the Workforce Resilience Project workstreams, looking at a) improving our success in recruitment and b) what can be done to retain our current workforce.</p>	<p>Craig Macleod Peter Robson Suzanne Johnston Jane Turvey</p>	<p>Ongoing with monthly meetings</p>	
		<p>Where possible encourage a crossover period where cases are handed between teams.</p>	<p>Peter Robson Suzanne Johnston Jane Turvey</p>	<p>Review by 30th June 2024</p>	
		<p>Trial one-page profiles in Children's Services to ensure that the need for repetition is prevented.</p>	<p>Peter Robson Suzanne Johnston Jane Turvey</p>	<p>By 30th December 2024</p>	

Children's Services				
Finding	Action	Owner	Timescale	Evidence of success
Well-being - Strengths				
5.3	<p>There is evidence of exceptional strengths-based practice utilised by individual practitioners. This is positive practice. For this approach to become embedded, the local authority should consider a model of practice that highlights what needs to change in families, with greater focus on how family and wider community networks can be facilitated to keep children safe. A model would promote a shared understanding across agencies of safeguarding practice and management of risk. It would also provide practitioners with consistent tools and templates in relation to recording and maintaining focus on risk. It is acknowledged that the local authority is on a journey to fully implement a model of practice. This has already commenced with an initial focus on neglect, with the local authority having purchased a neglect-graded profile tool through the National Society for the Prevention of Cruelty to Children (NSPCC) to support practice. This is a positive response by the local authority to a high number of children affected by neglect on the child protection register (CPR).</p>	<p><i>Implement the first phase of "Effective Child Protection" Model.. This is a 3 year programme to develop our approach to working with families whose children are on the child protection register.</i></p>	<p>Craig Macleod Peter Robson Suzanne Johnston Jane Turvey</p>	<p>Phase 1: 31st March 2025</p>
		<p>The Graded Care profile 2 is an evidence based tool to assess and manage neglect. The tool has been purchased from NSPCC . The tool will support practitioners to identify and appropriately manage risks relating to neglect. A project will be developed in April 2024 to implement the tool with a training programme delivered through to the end of 2025.</p>	<p>Craig Macleod Peter Robson Suzanne Johnston Jane Turvey</p>	<p>End of 2025</p>
Well-being - Areas for Improvement				
5.6	<p>There is indication the threshold for significant harm is not always applied consistently when considering removing children from the CPR. We heard this may be as a result of a misplaced conception that maintaining a child's name on the CPR is a means of ensuring continued support services for a child and their family. The local authority should consider sharing guidance more widely with relevant partners and stakeholders to ensure consistent and shared understanding of thresholds and information sharing protocols.</p>	<p>Re-issue laminated sheets with categories and definitions. Training on definitions and registration/deregistration included as part of the conference and core group training programme over 12 months from May.</p>	<p>Safeguarding Team</p>	<p>By 30th June 2024</p>
		<p>Practice Directive will be created to improve information sharing through FCC and other agencies. Directive will ensure social workers work proactively with IAA and EHH to identify support available if deregistered and a clear step down plan is in place prior to discussions around deregistration.</p>	<p>Jane Turvey Suzanne Johnston</p>	<p>By 30th June 2024</p>

		Through Supervision meetings, managers will ensure that the thorough consideration has been given and documented to support conversations and decision-making processes during de-registration meetings.	Peter Robson Suzanne Johnston Jane Turvey	By 30 th June 2024	
5.7	Risks are appropriately considered, with timely progression to the right service for children and families. There are, however, delays for some families subject to child protection procedures as enquiries are not always completed promptly. It is not always clear what the determination is post completion of a Section 47 enquiry. Managers must ensure that, following the timely conclusion of a child protection enquiry, next steps are explicitly recorded with clarity and rationale in relation to the determinations under Section 3 Part 1 of the Wales Safeguarding Procedures.	It is recognised that our processes and systems on our PARIS IT system need to be re-engineered. This will involve the S47 and Part 3 assessment documentation on Paris to be separated to bring greater clarity of process and timelines.	Brigid Gribbin Claire Clements Jacque Slee	By 30 th June 2024	
		To fully improve our workflow and performance management systems we will need to replace the current PARIS system. We will need to work with Procurement to ensure that we are commission a new system that supports practice and provides effective and timely performance management.	Jane Davies Jacque Slee Claire Clements	In progress / Long term	
5.8	As Section 47 enquiries are not always completed in the required timescales, this impacts on timely decision making as to whether a child's name should be included on the CPR. The local authority should ensure that when it has been determined that a child is experiencing or is at risk of experiencing harm, abuse or neglect, a child protection conference is convened within 15 working days of the strategy discussion/meeting, or the last strategy discussion/meeting (if more than one has occurred), which initiated the Section 47 enquiry.	Agree a process for the MASH, including the recording of decisions, that is compliant with the WSP. This action is also linked to action 5.7.	Brigid Gribbin	By 30 th June 2024	
5.9	Some care and support protection plans viewed are service led, with a focus on compliance instead of outcomes. Care and support protection plans are not routinely updated after core group meetings. It is acknowledged that recent training commissioned by the local authority has focused on clarifying roles and responsibilities for social workers. An outline care and support protection plan devised at first	Establish a TAF group to investigate and share learnings.	Jane Turvey Suzanne Johnston Peter Robson	By 30 th September 2024	
		Seek advice and expertise on the implementation of the <i>"Effective Child Protection"</i> .	Craig Macleod Jane Turvey Suzanne Johnston Peter Robson	By 31 st March 2025	

	conference should be developed into a more detailed plan at the first core group meeting as is highlighted in the WSP. Subsequent core groups should specifically review progress of outcomes for the child's safety. Leaders should ensure practitioners have clear systems and standards for developing plans which are child-centred and outcome-focused.	Include in the conference and core group training programme over 12 months from May.	Safeguarding and Workforce Development Teams	Beginning on 14 th May 2024	
		Review and amend format of the Protection Plan documentation. Consider how this documentation displays how the daily life of the child will be changed through the identified plan.	FIT Manager Brigid Gribbin Safeguarding Managers	By 30 th June 2024	
5.10	We saw examples of disclosures by police about an individual's criminal background, with a potential risk for a child, having been appropriately considered to promote children's safety. However, sharing of the information was not always completed in a timely manner with pressures of work cited in one example as the reason for the delay. When the local authority is aware of such information, and it has been agreed they can share information with relevant individuals to promote a child's safety, this must be done in a timely manner.	Establish specific timescales to define our expectation of "timely".	Brigid Gribbin	By 30 th June 2024	
		In recognition of delays from other agencies, agree timescales and process for escalation.	Brigid Gribbin	By 30 th June 2024	

Children's Services					
Finding	Action	Owner	Timescale	Evidence of success	
Prevention - Strengths					
7.4	The local authority has developed a toolkit in response to the Public Law Outline (PLO) refresh implemented in January 2023 by the judiciary across England and Wales. It contains a range of new documentation which will further promote continuity of strengths-based practice. It also provides clarity to parents about what the concerns are about their children, and what changes are required to reduce the concerns. Children who are ten years of age or over will also	Establish TAF group to audit quality of documentation in recording LAM minutes.	Peter Robson Jane Turvey Suzanne Johnston	By 3 rd October 2024	
		Standard letter sent out following PLO, consider whether this is captured on records.	Jane Turvey	By 30 th June 2024	

	be allocated a PLO buddy, similar to a conference buddy, to ensure their voice is obtained as part of these pre-court proceedings specifically. This is positive practice as it further promotes the voice of children and their families. Practice can be improved by ensuring that records sufficiently detail when and where a decision was made to commence PLO proceedings, and to reflect that decision making in this respect is timely.	Ensure that this is consistently applied and referrals are made where children cross the age threshold for a Conference Buddy.	Jane Turvey	Review by 30 th June 2024	
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Prevention - Areas for Improvement

7.5 Page 208	Children who are neurodiverse or who are awaiting diagnosis of a potential neurodiverse condition, and their parents, do not always receive prompt and adequate support and communication. Delays in support impact on their well-being. It is acknowledged that the local authority is well-sighted on this and has recently developed their service to include having a dedicated role to respond and support parent/carers sooner, whilst their children are awaiting a neurodiverse assessment/diagnosis. The local authority should continue to have oversight and monitor the effectiveness of this development and the impact of this for children and families.	Successful application for NDIP funding has resulted in a new social worker in post from January 2024 to specifically support 16–25-year-olds who are Neurodiverse, in all aspects of their lives. This post has been highly successful and has received very positive feedback. Monitor the effectiveness of this post and the impact that it is having on young people and their families. Use the evidence of this to submit applications for funding for further posts to support other age groups.	Jo Taylor	Review in June 2024	
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Children's Services

Finding		Action	Owner	Timescale	Evidence of success
Partnership - Strengths					
9.2	Overall, at a strategic level, work with partners is based on a shared understanding and cooperation. Partners described leaders as being transparent and open to challenge. There is regular communication across sector leads, although persistent change in managers in partner agencies was cited as a challenge in working consistently. Some third sector partners considered their work with children's services could be improved in relation to inclusivity and their participation in planning of services.	Continue and build upon the work to develop relationships with our partners, ensuring communication is strengthened so that they are aware of our thresholds. This will be delivered through monthly meetings with health and education. We will also develop 6 monthly meetings with 3 rd sector to ensure they have the opportunity to participate in service planning.	Jane Turvey	Review 30 th October 2024	

9.3	Information sharing between agencies through Section 47 enquiries, initial child protection conferences and core groups is evident. In further meetings such as review conferences, there can be diminishing contribution from partner agencies. Partner agencies expressed they wished to be more involved in initial strategy discussions/meetings. There is work already underway to establish a MASH (Multi Agency Safeguarding Hub) within the local authority which will further promote involvement and multi-agency working.	Include in the conference and core group training programme over 12 months from May.	Safeguarding and Workforce Development Teams	Beginning on 14 th May 2024	
9.5	Care leavers benefit from continued support once they leave care. This in the form of the 'When I am Ready' scheme, whereby young people remain with foster carers whilst they transition into adulthood. Young people told us how they valued this provision. However, they said they feel hurt that the documentation refers to them as tenants rather than family members of the foster carers they choose to continue to live with. They very much regard themselves as part of the foster carers' family and vice versa. The local authority should consider how they can influence a change in terminology.	Use of language is restricted due to the technical terms in the SSWBA (14) that refers to "When I am Ready" placements. Ensure that Personal Advisor Team provide our Leaving Care Young People with explanations and rationale behind it. This will form part a wider piece of work on 'Mind Your language' which identifies that terminology and language that our children and young people prefer/ want us to avoid.	Peter Robson	By 30 th September 2024	
Partnership - Areas for Improvement					
Children's services must communicate information about duty to report outcomes in a timely manner to the person who made the initial report. There are inconsistencies in current practice in relation to this.		Continue to work with Business Support Teams on the process and improve access points for partner agencies.	Jayne Belton	Review 30 th June 2024	
		Safeguarding Business Support team to be included in child protection / core group training programme	Jayne Belton	Beginning on 14 th May 2024	
		Improve professional's knowledge on where referrals should be sent to i.e., correct mailbox. Create Practice Directive to establish proportionate approach, to include:when it is appropriate to give feedback, who gives feedback and how it is given as well as what evidence is required once feedback is provided.	Jayne Belton Brigid Gribbin	By 30 th June 2024	

9.7	Children’s services must ensure that appropriate agencies are invited to strategy discussions /meetings in line with the WSP, to include but not limited to, a practitioner making the report and practitioners from education and community-based health services if relevant.	Continue to work to include agencies in discussions where possible and appropriate in line with WSP. The establishment of the Safeguarding Hub will support this development.	Brigid Gribbin	Review by 30 th June 2024	
9.8	The views and experiences of parent/carers of disabled children indicated that the availability of support to them could be strengthened and more flexible. They told us the support offered was not always suitable for their and their child’s needs. The local authority must ensure the parent/carer is involved as a full partner in assessing to what extent they are able to meet their personal outcomes, or with the support of others who are willing to provide that support; or with the assistance of services in the community to which they have access.	Support to upskill 3rd Sector carer’s support agencies to ensure that they have sufficient experience with carers of children with disabilities.	Jo Taylor	By 30 th June 2024	
		Ensure that all workers are aware of the flexibility of the direct payment offer and the ability of the direct payments to offer a unique and bespoke package of support.	Jo Taylor	By 30 th December 2024	

<p>We saw examples of children who were leaving care having to present as homeless to receive housing support. Practitioners also shared that accommodation for young people is an ongoing challenge and an area for improvement. There are clear longer-term options to support young people in general with housing support, in line with the well-being objectives in the Council Plan for 2023-2028. An example is a strategic plan, informed by a multi-agency approach, to create a young person's homeless hub which will offer accommodation as well as support services. However, the local authority must continue to prioritise its programme of ensuring appropriate housing options for young care leavers and relevant 16–17-year-olds. This in both the longer and shorter term, and where possible, avoiding the need for care leavers to present as homeless.</p>	<p>Explore the development of multi-agency hub(s) to support young people with all elements of independence, to include housing.</p>	<p>Paul Calland (Housing Portfolio)</p>		
	<p>Continue to work to develop preventative strategies for “rare, brief and non-repeat” homelessness.</p>	<p>Martin Cooil (Housing Portfolio)</p>	<p>By 30th September 2024</p>	
	<p>Development of new Parenting Strategy – building in resilience for 16/17-year-olds with preventative measures.</p>	<p>Peter Robson</p>	<p>By 30th September 2024</p>	
	<p>Investigate broadening Local Solutions Supported Lodgings services.</p>	<p>Lisa Pearson (Housing Portfolio)</p>	<p>By 30th September 2024</p>	
	<p>Investigate the potential to explore shared tenancies in local authority / housing association properties.</p>	<p>Jen Griffiths (Housing Portfolio)</p>	<p>By 30th September 2024</p>	
	<p>Make connection with Flintshire's Ending Homelessness board and actions that are progressing through this workstream.</p>	<p>Jane Davies Homelessness Board</p>	<p>Review by 30th June 2024</p>	
	<p>Ensure that Housing Support and Homeless Service are alerted promptly as part of the 16th pathway plan to allow forward planning. This needs to be consistent across all individuals including those with low level/no needs). Run report from Paris to check for birthdays coming up in 12 months and ensure plans are in place.</p>	<p>Peter Robson Personal Advisor Team</p>	<p>By 30th June 2024</p>	

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GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Wednesday, 24 th July 2024
Report Subject	Treasury Management Annual Report 2023/24 and Treasury Management Update Q1 2024/25
Report Author	Corporate Finance Manager

EXECUTIVE SUMMARY

A schedule detailing the reporting cycle for Treasury Management reports in 2024/25 is attached as Appendix 1 for information.

The draft Treasury Management Annual Report for 2023/24 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 seeking 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 within 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 2024/25.

RECOMMENDATIONS

1	Members review the draft Treasury Management Annual Report 2023/24 and identify any matters to be drawn to the attention of Cabinet at its meeting in September.
2	Members review the Treasury Management 2024/25 first quarterly 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 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.
1.03	On 20 th February 2024, Council approved the Treasury Management Strategy 2024/25, following the recommendation of the Cabinet and consideration by the Governance and Audit Committee.
	<u>CONSIDERATIONS</u>
1.04	<u>Governance</u> A schedule detailing the reporting cycle for Treasury Management reports in 2024/25 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.
1.05	Annual Treasury Management training for all Members (hosted by the Governance and Audit Committee) and delivered by the Council's Treasury Management advisors, Arlingclose Ltd, is being arranged for December. 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 will be happy to assist.
	<u>Treasury Management Annual Report 2023/24</u>
1.06	The draft Treasury Management Annual Report for 2023/24 is attached as Appendix 2 for review. As required by the Council's Financial Procedure Rules the Annual Report will also be reported to Cabinet prior to seeking approval by County Council.
1.07	<u>Summary of Key Points</u> UK inflation continued to decline throughout the year with headline consumer price inflation (CPI) falling to 3.4% in February from the 8.7% seen at the start of the year, although this was still above the Bank of England's 2% target. Having begun the financial year at 4.25%, the Bank of England's Monetary Policy Committee (MPC) increased the Bank Rate to 5.25% in August 2023 with a 3-way split in the Committee's voting as the UK economy appeared resilient in the face of the dual headwinds of higher inflation and

	<p>interest rates. The Bank Rate was maintained at 5.25% through the remainder of the financial year.</p> <p>Section 2 of the report provides a full economic and interest rate review for 2023/24.</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 income earned during the year was 4.87%.</p> <p>Section 4 provides further details of the Council's investment activity during the year.</p>
1.09	<p>During the year a total of £12m Public Works Loan Board (PWLB) loans were taken out to support the strategy of fixing a portion of the long-term borrowing requirement. 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. Therefore, no rescheduling activity was undertaken.</p>
1.11	<p>The treasury function operated within the limits detailed in the Treasury Management Strategy 2023/24.</p>
	<p>Treasury Management 2024/25 – Quarter 1 update</p>
1.12	<p><u>Investments Update</u></p> <p>A statement setting out the Council's investments as at 28th June 2024 is attached as Appendix 3. The investment balance at this date was £22.8m spread across 6 counterparties with an average interest receivable of 5.2%.</p>
1.13	<p><u>Borrowing Update</u></p> <p>Appendix 4 shows the Council's long-term borrowing as at 28th June 2024. The total amount of loans outstanding was £301.2m with an average interest rate payable of 4.50%. In May 2018 the Cabinet approved loans to NEW Homes to build or purchase affordable housing for rent. During Quarter 1, one loan of £0.118m was taken out with the PWLB to fund the purchase costs relating to a property at Maple Way, Penyffordd.</p> <p>Appendix 5 shows the Council's short-term borrowing as at 28th June 2024. The total amount of loans outstanding was £20m with an average interest rate payable of 6.17%.</p>
1.14	<p>Appendix 6 provides a quarterly update of treasury management indicators, that the Council uses to measure and manage its exposure to treasury management risk.</p>
1.15	<p>As has been reported previously, the borrowing strategy throughout 2023/24 and into 2024/25 has been to monitor capital expenditure plans to confirm the Council's long-term borrowing need. This is to ensure that the</p>

	Council does not commit to long-term borrowing too early and borrow unnecessarily which will be costly. The use of short-term borrowing will assist with such. This will be balanced against securing low long term interest rates which are currently being forecast.
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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 2024/25 2. Draft Treasury Management Annual Report 2023/24 3. Investment Portfolio as at 28th June 2024 4. Long-term borrowing as at 28th June 2024 5. Short-term borrowing as at 28th June 2024 6. Treasury Management Indicators as at 28th June 2024

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
8.01	<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 one takes out borrowing at 5% and invests the money at 1.5%, there is a cost of carry of 3.5%.</p>

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, 2011 and 2021.

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.

APPENDIX 1

Treasury Management Reporting 2024/25

Committee Report	Purpose	Governance & Audit Committee	Cabinet	Council
2023/24 Final Outturn & Q1 2024/25 Update	Information & Policy Change	24-Jul-24	17-Sep-24	24-Sep-24
Mid Year Review 2024/25 & Q2 2024/25 Update	Information & Policy Change	25-Nov-24	17-Dec-24	28-Jan-25
2025/26 Strategy & Q3 2024/25 Update	Information & Policy Change	22-Jan-25	18-Feb-25	18-Feb-25
Q4 2024/25 Update	Information	02-Apr-25		

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FLINTSHIRE COUNTY COUNCIL

DRAFT

TREASURY MANAGEMENT

ANNUAL REPORT 2023/24

1.00 INTRODUCTION

The Council approved the Treasury Management Strategy 2023/24 (the Strategy) including key indicators, limits and an annual investment strategy on 23rd February 2023.

The Strategy was produced based on the 2021 edition of the *CIPFA Treasury Management in the Public Services: Code of Practice*.

This report includes the requirement in the 2021 Code, mandatory from 1st April 2023, of reporting of the treasury management prudential indicators.

The purpose of this report is to review the outcomes from 2023/24 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 2023/24

This is provided by Arlingclose Ltd, the Council's treasury management advisors.

2.01 Economic background

UK inflation continued to decline from the 8.7% rate seen at the start of 2023/24. By the last quarter of the financial year headline consumer price inflation (CPI) had fallen to 3.4% in February but was still above the Bank of England's 2% target at the end of the period. The core measure of CPI, i.e., excluding food and energy, also slowed in February to 4.5% from 5.1% in January, a rate that had stubbornly persisted for three consecutive months.

The UK economy entered a technical recession in the second half of 2023, as growth rates of -0.1% and -0.3% respectively were recorded for Q3 and Q4. Over the 2023 calendar year GDP growth only expanded by 0.1% compared to 2022. Of the recent monthly data, the Office for National Statistics reported a rebound in activity with economy expanding 0.2% in January 2024. While the economy may somewhat recover in Q1 2024, the data suggests that prior increases in interest rates and higher price levels are depressing growth, which will continue to bear down on inflation throughout 2024.

Labour market data provided a mixed message for policymakers. Employment and vacancies declined, and unemployment rose to 4.3% (3mth/year) in July

2023. The same month saw the highest annual growth rate of 8.5% for total pay (i.e., including bonuses) and 7.8% for regular pay growth (i.e., excluding bonuses). Thereafter, unemployment began to decline, falling to 3.9% (3mth/year) in January and pay growth also edged lower to 5.6% for total pay and 6.1% for regular pay, but remained above the Bank of England's forecast.

Having begun the financial year at 4.25%, the Bank of England's Monetary Policy Committee (MPC) increased Bank Rate to 5.25% in August 2023 with a 3-way split in the Committee's voting as the UK economy appeared resilient in the face of the dual headwinds of higher inflation and interest rates. Bank Rate was maintained at 5.25% through to March 2024. The vote at the March was 8-1 in favour of maintaining rates at this level, with the single dissenter preferring to cut rates immediately by 0.25%. Although financial markets shifted their interest rate expectations downwards with expectations of a cut in June, the MPC's focus remained on assessing how long interest rates would need to be restrictive in order to control inflation over the medium term.

In the Bank's quarterly Monetary Policy Report (MPR) released in August 2023 the near-term projection for services price inflation was revised upwards, goods price inflation widespread across products, indicating stronger domestic inflationary pressure with second-round effects in domestic prices and wages likely taking longer to unwind than they did to emerge. In the February 2024 MPR the Bank's expectations for the UK economy were positive for the first half of 2024, with a recovery from the mild recession in calendar H2 2023 being gradual. Headline CPI was forecast to dip below the 2% target quicker than previously thought due to declining energy prices, these effects would hold inflation slightly above target for much of the forecast horizon.

Following this MPC meeting, Arlingclose, the Council's treasury adviser, maintained its central view that 5.25% remains the peak in Bank Rate and that interest rates will most likely start to be cut later in H2 2024. The risks in the short-term are deemed to be to the downside as a rate cut may come sooner than expected, but then more broadly balanced over the medium term.

The US Federal Reserve also pushed up rates over the period, reaching a peak range of between 5.25-5.50% in August 2023, where it has stayed since. US policymakers have maintained the relatively dovish stance from the December FOMC meeting and at the meeting in March, economic projections pointed to interest rates being cut by a total of 0.75% in 2024.

Following a similarly sharp upward trajectory, the European Central Bank hiked rates to historically high levels over period, pushing its main refinancing rate to 4.5% in September 2023, where it has remained. Economic growth in the region remains weak, with a potential recession on the cards, but inflation remains sticky and above the ECB's target, putting pressure on policymakers on how to balance

these factors.

2.02 Financial markets

Sentiment in financial markets remained uncertain and bond yields continued to be volatile over the year. During the first half of the year, yields rose as interest rates continued to be pushed up in response to rising inflation. From October they started declining again before falling sharply in December as falling inflation and dovish central bank attitudes caused financial markets to expect cuts in interest rates in 2024. When it emerged in January that inflation was stickier than expected and the BoE and the Federal Reserve were data dependent and not inclined to cut rates soon, yields rose once again, ending the period some 50+ bps higher than when it started.

Over the financial year, the 10-year UK benchmark gilt yield rose from 3.44% to peak at 4.75% in August, before then dropping to 3.44% in late December 2023 and rising again to 3.92% (28th March 2024). The Sterling Overnight Rate (SONIA) averaged 4.96% over the period to 31st March.

3.00 BORROWING REQUIREMENTS AND DEBT MANAGEMENT

3.01 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 Council. 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 has not invested in assets primarily for financial return or that are not primarily related to the functions of the Council. It has no plans to do so in future.

3.02 PWLB (Public Works Loans Board) Certainty Rate

The Council qualified for the PWLB Certainty Rate, allowing the Council to borrow at a reduction of 20 basis points on the Standard Rate for a further 12 months from April 2023.

3.03 Borrowing Activity in 2023/24.

The total long-term borrowing outstanding, brought forward into 2023/24 was £295.2 million.

	Balance 01/04/2023 £m	Debt Maturing £m	New Debt £m	Balance 31/03/2024 £m
Capital Financing Requirement	355.3	(6.6)	6.2	354.9
Short Term Borrowing	12.0	(12.0)	30.0	30.0
Long Term Borrowing	295.2	(5)	12.1	302.3
TOTAL BORROWING	307.2	(17)	42.1	332.3
Other Long-Term Liabilities	2.7	(0.3)	0.00	2.4
TOTAL EXTERNAL DEBT	309.9	(17.3)	42.1	334.7
Increase/(Decrease) in Borrowing (£m)	-	-	25.1	

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 2024 was £30m with an average rate of 6.08%.

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 December, short to medium term loans were taken to support its strategy of fixing a portion of its long-term borrowing requirement. After discussing with Arlingclose, the following loans were taken out:

Start Date	Maturity Date	Amount	Rate	Loan Type
12 Dec 2023	12 Dec 2035	£5.0m	4.41%	EIP
28 Dec 2023	28 Dec 2036	£7.0m	3.98%	EIP

On 31st March 2024, £279.0m 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 £4.3m were interest free loans from the Government, available for specific schemes. The Council's average rate for long term borrowing was 4.49%.

The Council's underlying need to borrow as measured by the Capital Financing Requirement (CFR) as at 31st March 2024 was £354.9m. The Council's total external debt was £334.7m.

3.04 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.

As market interest rates rose, there was increased probability of call options on the LOBOs being exercised by lenders. These LOBO loans had semi-annual call option dates during the year to 31st March 2024, however, none of them were called.

The LOBO loans also have call dates within the next 12 months. The Council has liaised with treasury management advisors Arlingclose over the likelihood of the options being exercised. If the option is exercised and an increased rate proposed, the Council plans to repay the loan at no additional cost as accepting the revised terms would mean it would still have refinancing risk in later years. If required, the Council will repay the LOBO loans with available cash or by borrowing from other local authorities or the PWLB.

3.05 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).

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 2023/24**

Summary of investments as at 31st March 2024.

Country	Total	<1 month	1 –12 months	>12 months
	£m	£m	£m	£m
UK BANKS	3.0	3.0		
UK BUILDING SOCIETIES				
OVERSEAS				
MMF's	30.4	30.4		
LOCAL AUTHORITIES				
DMO	5.0		5.0	
<u>TOTAL</u>	38.4	33.4	5.0	

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 2023/24. 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 2023/24 treasury strategy was A-/A-/A3 across rating agencies Fitch, S&P and Moody's.

4.04 Counterparty Update

In response to an improving outlook for credit markets, in January 2024 Arlingclose moved away from its previous temporary stance of a 35-day maximum duration and increased its advised recommended maximum unsecured duration limit on all banks on its counterparty list to 100 days.

Earlier in the period, S&P revised the UK sovereign outlook to stable and upgraded Barclays Bank to A+. Moody's also revised the UK outlook to stable, Handelsbanken's outlook to negative, downgraded five local authorities, and affirmed HSBC's outlook at stable while upgrading its Baseline Credit Assessment. Fitch revised UOB's and BMO's outlooks to stable.

In the final quarter of the financial year, Fitch revised the outlook on the UK sovereign rating to stable from negative based on their assessment that the risks to the UK's public finances had decreased since its previous review in October 2022, the time of the mini- budget.

Moody's, meanwhile, upgraded the long-term ratings of German lenders Helaba, Bayern LB and LBBW on better solvency and capital positions, despite challenges from a slowing German economy and exposure to the commercial real estate sector. Moody's also upgraded or placed on review for an upgrade, Australian banks including ANZ, CBA NAB and Westpac on the back of the introduction of a new bank resolution regime.

Credit default swap prices began the financial year at elevated levels following the fallout from Silicon Valley Bank and collapse/takeover of other lenders. From then the general trend was one of falling prices and UK lenders' CDS ended the period at similar levels to those seen in early 2023. Earlier in the year some Canadian lenders saw their CDS prices rise due to concerns over a slowing domestic economy and housing market, while some German lenders were impacted by similar economic concerns and exposure to commercial real estate towards the end of the period, with LBBW remaining the most elevated.

Heightened market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit

stress. As ever, the institutions and durations on the Council's counterparty list recommended by Arlingclose remain under constant review.

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 £1.2m, based on an average rate of 3.9%. The average investment balance was £44.3m during the period and interest earned was £2.177m, at an average interest rate of 4.87%.

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.

4.08 ESG Policy

When investing in banks and funds, the Council prioritised banks and other institutions that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

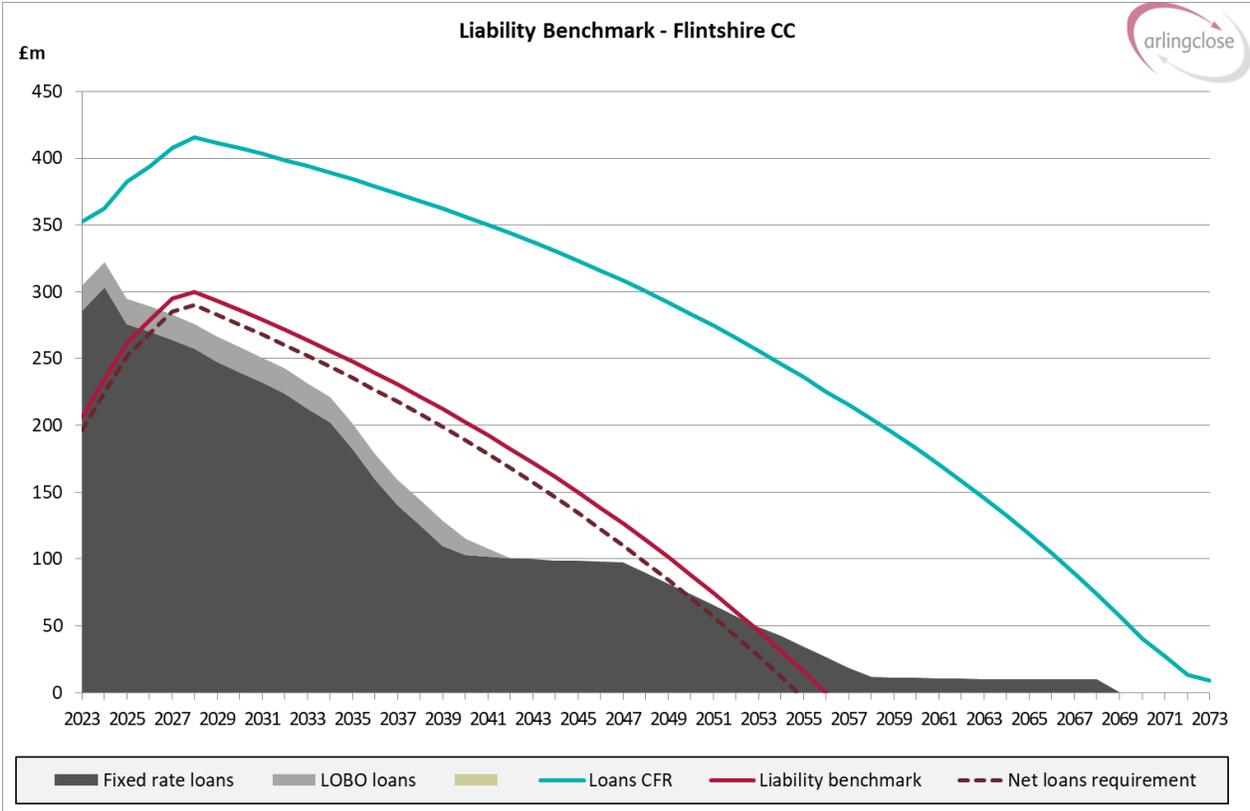
5.00 TREASURY MANAGEMENT PRUDENTIAL INDICATORS

As required by the 2021 CIPFA Treasury Management Code, the Council monitors and measures the following treasury management prudential indicators.

5.01 Liability Benchmark

This new indicator compares the Council's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of

the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.



5.02 Interest Rate Exposures

This indicator is set to control the Council’s exposure to interest rate risk.

Interest rate risk indicator	31.12.23 £'000	31.03.24 £'000
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	(274)	(198)
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	421	344

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

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the

transaction date if later. All other instruments are classed as variable rate.

5.03 Maturity structure of borrowing

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

	Lower	Upper	Actual as at 31.03.24
Under 12 months	0%	20%	2.63%
12 months and within 24 months	0%	20%	2.13%
24 months and within five years	0%	30%	7.29%
Five years and within 10 years	0%	50%	14.80%
10 years and above	0%	100%	73.15%

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.

5.04 Long-term treasury management investments:

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

Price risk indicator	2023/24 Limit	31.03.24 Actual
Limit on total principal invested beyond year end	£5m	£0m

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

5.05 Borrowing Limits

These limits are reported as part of the quarterly monitoring of the capital programme, however, they are repeated here for completeness.

	2023/24 Limit	31.03.24 Actual
Operational Boundary	£403m	£334.7m
Authorised Limit	£438m	£334.7m

6.00 COMPLIANCE

The Council can confirm that it has complied with its Prudential Indicators for 2023/24. These were approved by Council as part of the Treasury Management Strategy on 23rd February 2023.

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 2023/24. 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 2023/24.

7.00 OTHER ITEMS

The following were the main treasury activities during 2023/24:

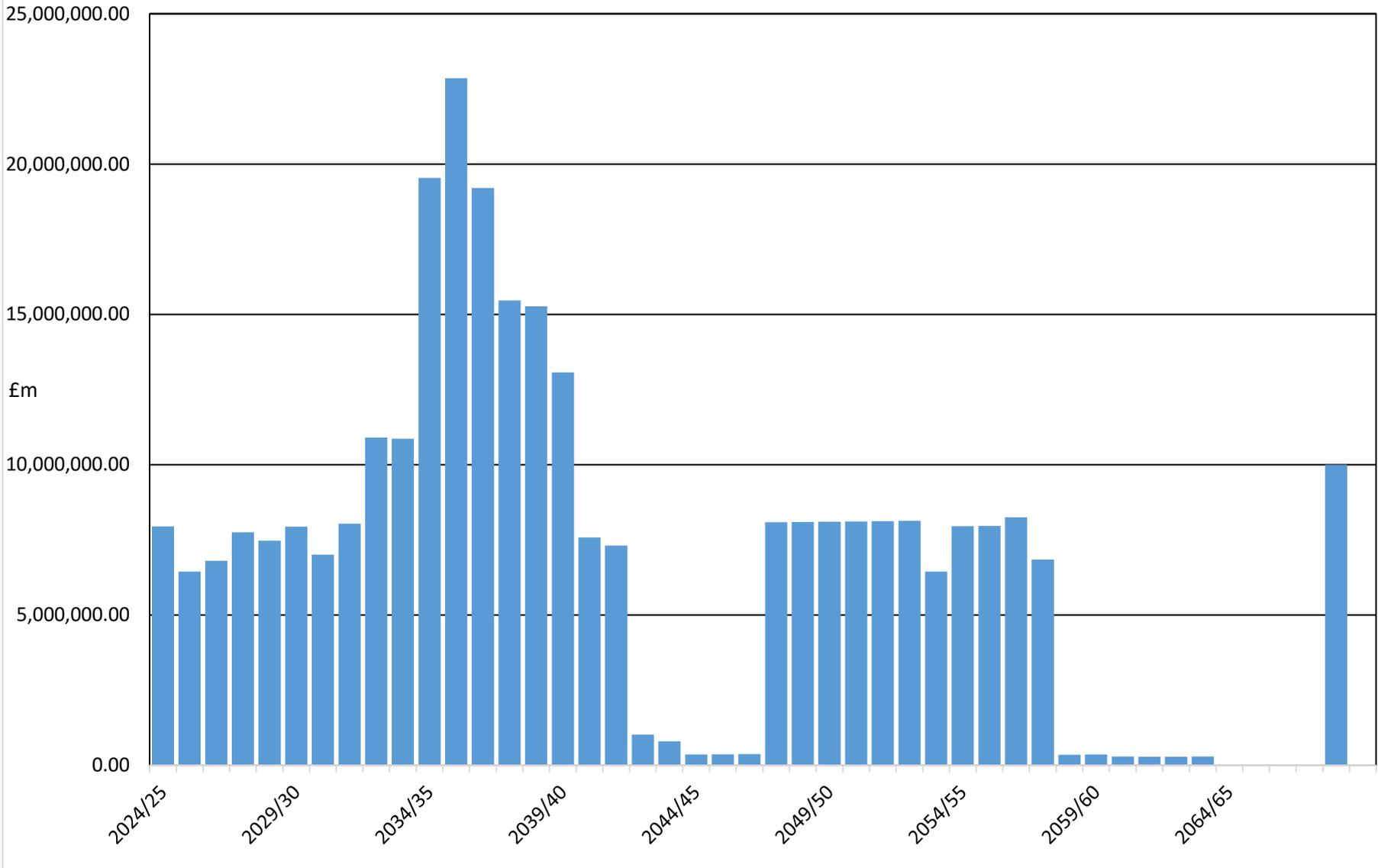
- The Council's Governance and Audit Committee received a Mid-Year Report on 22nd November 2023.
- Quarterly update reports were presented to the Governance and Audit Committee.
- The 2024/25 Investment Strategy Statement was approved by Council on 20th February 2024.
- The Council's cash flow was managed 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 Council had on deposit at any one time were £62.0m and the maximum long-term borrowing at any one time was £302.5m.

8.00 CONCLUSION

The treasury management function has operated within the statutory and local limits detailed in the 2023/24 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 - March 2024



APPENDIX A NON-TREASURY INVESTMENTS

1.01 The definition of investments in the Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).

Investment Guidance issued by the Welsh Government also includes within the definition of investments all such assets held partially or wholly for financial return.

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

1.02 Wholly Owned Companies

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

- The Council has embarked on an ambitious house building programme as part of its Strategic Housing and Regeneration Programme (SHARP). Over a 5-year period 500 new homes will be built at a range of sites across the county, a mixture of new council houses and affordable homes, alongside commissioning a range of linked regeneration initiatives and community benefits.
- Affordable homes are being developed through the Council's wholly owned subsidiary North East Wales Homes Limited (NEW Homes) in partnership with the Council. Affordable homes for rent are built or purchased by NEW Homes funded by loans from the Council. New affordable homes for rent have been built in Flint, Penyffordd (Holywell), Dobshell, Bryn-y-Baal, Northop and Saltney.

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

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

Yield (net profit)

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

1.03 Investment Properties

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

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

Fair Value of Investment Properties

	31.03.2024 £m	31.03.2023 £m	31.3.2022 £m	31.3.2021 £m	31.3.2020 £m
Fair Value Inv. Properties	29.3	29.0	27.6	25.2	25.0

Yield (net profit)

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

Proportionality of Investment Properties

	2023/24 Actual £m	2024/25 Budget £m	2025/26 Budget £m
Net Revenue Budget	352.121	368.106	368.106
Net Investment income	1.71	1.67	1.67
Proportion	0.48%	0.45%	0.45%

FLINTSHIRE COUNTY COUNCIL - INVESTMENT PORTFOLIO

At 28th June 2024

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	06/06/24	06/12/24	5.15%	129,103	UK GVT	3 months +
DEBT MANAGEMENT OFFICE	5.0						
ABERDEEN LIQUIDITY FUND	2.8	01/04/24	31/07/24	5.22%	48,453	MMF	1 month or less
ABERDEEN LIQUIDITY FUND	2.8						
AVIVA INVESTORS	4.0	01/04/24	31/07/24	5.24%	69,484	MMF	1 month or less
AVIVA INVESTORS	4.0						
BNP PARIBAS SECURITIES	4.0	01/04/24	31/07/24	5.26%	69,749	MMF	1 month or less
BNP PARIBAS SECURITIES	4.0						
HSBC STERLING ESG FUND	4.0	01/04/24	31/07/24	5.18%	68,688	MMF	1 month or less
HSBC STERLING ESG FUND	4.0						
LLOYDS BANK	3.0	01/04/24	31/07/24	5.14%	51,118	UK BANK	1 month or less
LLOYDS BANK	3.0						
TOTALS	22.8			5.20%	436,595		
PREVIOUS REPORT TOTALS (29th February 2024)	41.2			5.25%	2,032,407		
PREVIOUS YEARS REPORT TOTALS (30th June 2023)	33.6			4.74%	568,143		

FLINTSHIRE COUNTY COUNCIL - INVESTMENTS SUMMARISED BY TYPE & MATURITY

At 28th June 2024

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	22%			5.0	
UK Bank	3.0	13%	3.0			
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)	14.8	65%	14.8			
Total (£)	22.8		17.8	0.0	5.0	0.0
Total (%)		100%	78%	0%	22%	0%

FLINTSHIRE COUNTY COUNCIL - LONG TERM BORROWING ANALYSIS

At 28th June 2024

APPENDIX 4

Loan Start Date	Principal Loan Outstanding £	Interest Rate %	Annual Interest £	Loan Maturity Date
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PWLB Fixed Rate Maturity Loans				
20/03/86	2,436,316	9.50	231,450	30/11/25
24/03/88	696,090	9.13	63,518	30/11/27
25/08/88	696,090	9.50	66,129	31/03/28
26/05/89	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	10,800,000	4.11	443,880	02/10/34
02/04/15	9,000,000	4.13	371,700	02/04/35
02/04/15	9,000,000	4.14	372,600	02/10/35
02/04/15	9,000,000	4.16	374,400	02/04/36
02/04/15	8,000,000	4.17	333,600	02/10/36
02/04/15	7,000,000	4.18	292,600	02/04/37
02/04/15	7,000,000	4.19	293,300	02/10/37
02/04/15	7,000,000	4.20	294,000	02/04/38
02/04/15	7,000,000	4.21	294,700	02/10/38
02/04/15	5,448,094	4.22	229,910	02/04/39
06/12/18	10,000,000	2.64	264,000	06/12/68
Total	223,057,820	5.05	11,268,244	

PWLB Fixed Rate Annuity Loans				
06/12/18	7,030,038	2.79	196,138	06/01/63
07/01/20	552,195	3.06	16,897	07/01/60
30/03/20	276,886	2.65	7,337	30/03/60
30/03/20	1,007,056	2.65	26,687	30/03/60
02/11/20	1,322,118	2.53	33,450	02/11/57
09/02/21	2,402,381	1.79	43,003	09/02/58
30/04/21	553,666	2.15	11,904	30/04/61
20/06/24	118,028	5.42	6,397	20/06/64
	13,262,369	2.58	341,813	

PWLB Fixed Rate Equal Instalment of Principal Loans				
16/12/20	4,204,545	1.16	48,773	16/12/42
01/04/19	6,666,667	1.65	110,000	01/04/34
13/08/19	5,625,000	1.28	72,000	13/08/37
28/01/22	9,090,909	2.07	188,182	28/01/44
10/02/23	4,722,222	3.91	184,639	10/02/41
12/12/23	4,791,667	4.41	211,313	12/12/35
28/12/23	6,730,769	3.98	267,885	28/12/36
	41,831,779	2.59	1,082,791	

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				
23/03/18	1,408,108	0.00	0.00	01/10/28
27/03/19	739,483	0.00	0.00	01/04/29
18/01/22	22,808	0.00	0.00	01/10/25
04/04/22	43,000	0.00	0.00	01/04/28
12/07/22	27,400	0.00	0.00	01/04/29
29/03/23	22,028	0.00	0.00	01/03/27
29/01/24	110,084	0.00	0.00	01/04/31
21/10/15	460,000	0.00	0.00	31/03/30
20/10/16	400,000	0.00	0.00	31/03/31
05/05/20	461,500	0.00	0.00	31/03/26
09/07/21	103,000	0.00	0.00	31/03/29
29/12/22	300,000	0.00	0.00	31/03/29
	4,097,411	0	0	

Totals			
Fixed Rate	278,151,968		12,692,847
LOBOs	18,950,000		858,095
Other	4,097,411		0
Grand Total	301,199,379	4.50	13,550,942

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FLINTSHIRE COUNTY COUNCIL - SHORT TERM BORROWING

At 28th June 2024

APPENDIX 5

Counterparty Name	Amount Borrowed £m	Start Date	Maturity Date	Interest Rate	Interest due £	Brokerage due £	Period to Maturity
NORWICH CITY COUNCIL	5.0	18/03/24	18/10/24	6.25%	183,219	2,932	1 - 3 months
NORWICH CITY COUNCIL	5.0						
SWANSEA COUNCIL	5.0	29/02/24	31/07/24	6.50%	136,233	2,096	3 months +
SWANSEA COUNCIL	5.0						
WEST YORKSHIRE PENSION FUND	5.0	12/02/24	12/08/24	5.99%	149,340	2,493	3 months +
WEST YORKSHIRE PENSION FUND	5.0						
WYRE DISTRICT COUNCIL	5.0	22/02/24	22/08/24	5.95%	148,342	2,493	3 months +
WYRE DISTRICT COUNCIL	5.0						
TOTAL	20.0			6.17%	617,134	10,014	
PREVIOUS REPORT TOTALS (29th February 2024)	25.0			6.04%	578,397	9,548	
PREVIOUS YEARS REPORTS TOTALS (30th June 2023)	0.0			0.00%	0	0	

SHORT TERM BORROWING SUMMARISED BY TYPE & MATURITY

At 28th June 2024

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	20.0	100%	5.0	10.0	5	
Total (£)	20.0		5.0	10.0	5.0	0.0
Total (%)		100%	25%	50%	25%	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:

	Lower Limit	Upper Limit	28.06.24 Actual
Under 12 months	0%	20%	2.64%
12 months and within 24 months	0%	20%	2.49%
24 months and within 5 years	0%	30%	6.92%
5 years and within 10 years	0%	50%	15.43%
10 years and above	0%	100%	72.52%

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

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

	2024/25 Limit	28.06.24 Actual
Price risk indicator		
Limit on principal invested beyond year end	£5m	£0m

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.

	2024/25 Limit	28.06.24 Actual
Operational boundary – TOTAL	£485m	£324m
Authorised limit – TOTAL	£520m	£324m

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 2024 and 30th June 2024

Interest rate risk indicator	31.03.24 £'000	28.06.24 £'000
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	(198)	(48)
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	344	177

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 24 th June 2024
Report Subject	Certification of Grants and Returns 2022/23
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 2023.

The Council's external auditors, Audit Wales are required to report annually on the certification of grant claims and returns and the annual report for 2022/23 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 2023/24 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 2022/23
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REPORT DETAILS

1.00	EXPLAINING THE GRANT CERTIFICATION REPORT 2022/23
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 2022/23 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 £106.9m, the net adjustment to claims was £1,955.</p> <p>The claim was amended as Audit Wales 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 £1,955.</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 2022-23 – Flintshire County Council, Audit Wales report

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Contact Officer: Gary Ferguson – Corporate Finance Manager Telephone: 01352 702271 E-mail: gary.ferguson@flintshire.gov.uk</p>

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 2022-23 – Flintshire County Council

Audit year: 2022-23

Date issued: June 2024

Document reference: 4321A2024

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 2022-23 grant claims, there is scope for improvement. We are continuing to work with the Authority to make these improvements for 2023-24.
- 4 For 2022-23 we certified three grant claims totalling a grant value of £106.9 million (2021-22: 3 claims totalling £110.4m).
- 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 2022-23 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 2022-23 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 2022-23, we certified three grants and returns with a total value of £106.9 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 you processes for preparing and co-ordinating the accurate, timely completion of grant claims and returns.
Timely receipt of claims and returns	<p>All of the grant claims and returns were received on time.</p> <ul style="list-style-type: none"> – Our analysis shows that all of the claims were received on time. This represents an improvement from 2021-22 where two out of the three claims were received by the Auditor’s deadline. – Two of the three claims were certified after the relevant certification dates. All grant paying bodies were kept up-to-date throughout the audits.
Certification results	<p>Two of the three claims and returns were qualified.</p> <ul style="list-style-type: none"> – This is a deterioration from 2021-22, where one claim was qualified. – The reasons for qualifying the returns are detailed on pages 7 to 9 of this report.
Audit adjustments	<p>Adjustments were necessary to one return as a result of our work this year.</p> <ul style="list-style-type: none"> – This is an improvement from 2021-22, where adjustments were necessary to two claims and returns submitted for audit. – Adjustments totalling £1,955 were 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>

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 – Amended and Qualified</p> <p>Non-HRA rent rebates</p> <ul style="list-style-type: none"> – System issue – testing identified one claim where a period of benefit had been incorrectly duplicated. The Council has already corrected the claim for this issue. – System issue – testing identified six claims where duplicate benefit payments had been created in error. The Council is proposing to remedy the affected claims during the 2024-25 claim. – Overpayment misclassification – initial testing identified three cases where overpayments had been misclassified as eligible overpayments. The Council tested all remaining cases and a further 42 errors were identified, with the subsidy claim being amended to correct the expenditure classification. – Expenditure misclassification – testing identified nine claims where non self-contained accommodation expenditure had been classified within the incorrect subsidy cell. The Council amended the subsidy claim to correct the expenditure classification. <p>HRA Rent Rebates</p> <ul style="list-style-type: none"> – Overpayment misclassification – testing identified one case where an overpayment had been incorrectly classified as LA error and administrative delay. The extrapolated error was reported to DWP. 	<p>Our qualification letter to the Department for Work and Pensions (DWP) also reported extrapolated errors totalling £6,597.</p> <p>The DWP is currently considering our findings and is proceeding to decide on the potential recovery of any overpaid subsidy.</p>

- Overpayment misclassification – testing identified six cases where overpayments had been incorrectly classified as eligible overpayments. The extrapolated error was reported to DWP.

Rent Allowances

- Incorrect private pension – testing identified three cases where the private pension was recorded at an incorrect amount, resulting in an overpayment of benefit. The extrapolated error was reported to DWP.
- Incorrect earned income – testing identified seven cases where the value of earned income used on the claims was incorrect, three resulted in an underpayment of benefit and four resulted in an overpayment. The extrapolated error was reported to DWP.
- Incorrect tariff income – testing identified two cases where the tariff income was incorrect on the claim, the errors had no impact on the benefit awarded.

Civica System issues

- There are still five unresolved issues with the Council's housing benefit subsidy software supplier, relating to errors identified by audit testing going back to 2018-19. Whilst this is largely outside the Council's control, the Council needs to continue to escalate these issues with Civica for timely resolution.

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 £1,955.

£1,955

2	<p>Non-Domestic Rates Return – Qualified</p> <ul style="list-style-type: none"> – Testing of empty property relief identified two cases where the Council relied upon certification from the occupier that the property was empty. This does not comply with Welsh Government requirements for Councils to undertake spot-checks or inspections, and to retain supporting evidence of inspection, where properties are reported to be empty. This had no effect on the claim. 	None
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	£1,955

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 Continue to 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>These areas remain at the forefront of our quality assurance plans for 2024/25. We have already invested significant coaching and QA work in this area within 2023/24 which we hope will see future accuracy increase.</p> <p>In the meantime, whilst we accept the issues as identified, our audited Local Authority Error (LA Error) within subsidy stands at more than 99.52% accuracy.</p>	<p>Ben Steventon/ Anna Friend</p> <p>Ongoing in 2024-25</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>	Claim may be qualified.	R2 Continue to engage with the Authority's software supplier (Civica) to resolve all issues and correct affected claims as soon as possible.	1	We will continue to engage with Civica regarding ongoing system issues. The resolutions to these issues are out of our control but we do our best and will continue to escalate outstanding issues.	Ben Steventon/ Anna Friend Ongoing in 2024-25
<p>Non-Domestic Rates Return</p> <p>Testing identified some empty properties were not inspected or spot-checked in accordance with Welsh Government requirements.</p>	Claim may be qualified.	R3 Ensure that inspections/spot-checks are completed where properties are reported to be empty and retain supporting evidence.	1	Inspections are carried out on a risk-based approach to validate occupation or vacation, particularly where there are concerns in relation to the reliability of written evidence from the ratepayer. Current regulations relating to rateable occupation enables	David Barnes/ Vicki Hankin

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
				ratepayers to claim occupation for very limited use of a property equating to 0.2% of the floorspace of a property, as was found in the Macro case. The bar has been lowered to such a degree that owners are able to lawfully satisfy occupation rules with de minimis occupation and the inspection of such properties is purely a paper-exercise that has no real benefit.	

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We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.



GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Wednesday, 24 th July 2024
Report Subject	Annual Governance Statement 2023/24
Report Author	Chief Officer, Governance
Type of Report	Assurance

EXECUTIVE SUMMARY

Each financial year the Council is required to produce an Annual Governance Statement (AGS) as part of its final accounts. The AGS explains how the Council has complied with its Code of Corporate Governance, in securing good governance and managing its risks.

The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) issue detailed guidance notes on the preparation and contents of an AGS – ‘Delivering Good Governance in Local Government: Guidance notes for Welsh authorities’ (December 2016). The AGS is based on the seven core principles of governance from that guidance note. It is good practice for the AGS to be presented separately from the final accounts to enable it to be given more detailed consideration.

This Annual Governance Statement has been prepared following a challenge workshop with Members of the Governance and Audit Committee and Cabinet, and also questionnaires to Overview & Scrutiny Chairs, Standards Committee and Cabinet for Members to contribute their views on governance.

The AGS for 2023/24 is presented to Governance and Audit Committee today with a commitment that the Governance and Audit Committee will receive a mid-year progress update report on the areas for improvement within the AGS.

RECOMMENDATIONS

1	That the Committee review the Annual Governance Statement 2023/24 (forming part of the Statement of Accounts).
2	Recommend to the Council for adoption of the Annual Governance Statement 2023/24.

REPORT DETAILS

1.00	EXPLAINING THE ANNUAL GOVERNANCE REPORT
1.01	Under the Accounts and Audit (Wales) Regulations 2018, each local authority must ensure it has a sound system of internal control to ensure good governance and manage risks. Each year the Council must conduct a review of the effectiveness of the system and prepare an Annual Governance Statement (AGS). The review must be considered and the AGS approved by a Committee or Full Council.
1.02	The AGS accompanies the financial statements but is not part of them. As such it is not part of the statement on which the external auditors' opinion is given. However, the auditors review the governance statement to confirm it is consistent with the audited financial statements and other information of which they are aware.
1.03	The preparation of the AGS has been coordinated by the Corporate Governance Working Group (CGWG) which has reported to the Chief Executive, the Monitoring Officer and the Section 151 Officer on its work.
1.04	<p>The working group continued this year with the format of the previous reports and keeping it aligned to the revised seven core CIPFA/SOLACE principles. These are as follows:</p> <ul style="list-style-type: none"> • 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.
1.05	It is this set of principles on which the assessment questionnaires and the resultant final draft governance statement is based. With regard to Principle E, Members asked previously that the term 'entity' not be used. In the text, it has been changed to 'organisation'.
1.06	<p>The process has been:</p> <ol style="list-style-type: none"> i) Self-assessment questionnaire reviewed by Corporate Governance Working Group members, with challenge provided by statutory officers; ii) Challenge Workshop with members of the Governance and Audit Committee and Cabinet; iii) Questionnaire with Cabinet and Chairs of the Overview and Scrutiny Committee, Standards Committee and Cabinet;

	<ul style="list-style-type: none"> iv) Identifying 'red' strategic risks contained within risk register; v) Red / limited assurance internal audit reports issued during the year (where relevant?).
	<p>The outcome of the process detailed above identified five themes for improvement. These being:</p> <ul style="list-style-type: none"> • Improvement in internal and external stakeholder engagement, consultation and participation <ul style="list-style-type: none"> ○ 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) <ul style="list-style-type: none"> ○ This will ensure the Council assesses 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 <ul style="list-style-type: none"> ○ 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 and members. • Training Opportunities <ul style="list-style-type: none"> ○ Enhanced decision making and challenge process through focused training, facilitated sessions available to Members and Senior Officers. • Embedding of Risk Management <ul style="list-style-type: none"> ○ Implementing robust and integrated risk management arrangements, within the Council's financial, social and environmental position. ○ Increase level of awareness and understanding of risk management across the Council through the development and roll out of risk management e-learning module.
	<p>An Annual Governance Questionnaire was provided to members of 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.</p> <p>Members agreed with the five themes identified for improvement, stating that;</p> <ul style="list-style-type: none"> • Making improvements within these themes will lead to enhanced decision making and shape service improvements; • Developing and retaining 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;

	<ul style="list-style-type: none"> Increasing the use of Integrated Impact Assessments being completed to 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; Embedding of risk management will enable the Council to identify future risks and also opportunities.
1.07	Progress against risks and mitigating actions to address governance issues identified in the Annual Governance Statement last year has also been included. Those risks and mitigating actions closed are noted.
1.08	The Governance and Audit Committee will receive a mid-year report on progress against the areas for improvement.
1.09	To shorten and simplify the Annual Governance Statement, it has been divided into two parts: a framework document, which explains the process and the AGS, containing the action plan for improvement, for 2023/24 itself.
1.10	Since the inclusion of the draft AGS within draft accounts the document attached within Appendix B has been updated to reflect the two limited assurance internal audit reports issued.

2.00	RESOURCE IMPLICATIONS
2.01	There are no direct resource implications related to this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	The Annual Governance Statement has been produced using information from all Statutory and Chief Officers, Service Managers, Chairs of all Overview and Scrutiny Committees, Standards Committee, Cabinet and Members of the Governance and Audit Committee. A challenge workshop with Members of Governance and Audit Committee and Cabinet was also undertaken.

4.00	RISK MANAGEMENT
4.01	The Annual Governance Statement lists all the significant governance issues arising from the self-assessment along with any outstanding 'red' strategic risks. The Annual Governance Statement also describes actions taken against the governance issues reported in last year's Annual Governance Statement (2022/23).

5.00	APPENDICES
5.01	Appendix A: 2023/24 Annual Governance Statement Part 1 Appendix B: 2023/24 Annual Governance Statement Part 2

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	N/A

7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: Emma Heath (Strategic Performance Advisor) Telephone: 01352 702744 E-mail: emma.heath@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	<p>Corporate Governance: the system by which Local Authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes.</p> <p>Risk Management: the process of identifying risks, evaluating their potential consequences and managing them. The aim is to reduce the frequency or likelihood of risk events occurring (wherever this is possible) and minimise the consequences if they occur. Opportunities are managed by identifying strategies to maximise the opportunity or reward for the organisation.</p> <p>Financial Accounts / 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>

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2023/24

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

Draft Version

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' (Enclosure 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 arrangements;
- Contributors to effective Governance arrangements; 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 detailed within the document Annual Governance Statement 2023/24 – 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 arrangements comprises the culture, values, systems and processes by which an organisation is directed and controlled. The arrangements bring 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 arrangements 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

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.

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 the governance arrangements 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 arrangements that has been in place at Flintshire County Council for the financial year 2023/24 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 arrangements 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 Annual Governance Statement and a Questionnaire summarising 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 arrangements 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 arrangements 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.

Page 278
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.
- Considered the findings in the Corporate Self-Assessment

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 in the Annual Governance Statement (Part 2) from Page 11 of the document. Principles assessed as needing further improvement are detailed in the Annual Governance Statement from Page 25.

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 Annual Governance Statement 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 Arrangements?

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'.

Contributors to effective Governance Arrangements

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

How we monitored and evaluated the effectiveness of our Governance Arrangements?

On an annual basis, we review the effectiveness of our governance arrangements 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 Framework and procedure Quarterly monitoring and reporting of Strategic Risks to Cabinet, Overview and Scrutiny Committees and Governance and Audit Committee 	<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

Flintshire County Council Corporate Governance Arrangements

**Public Key Documents:
Annual Review / Production**

**Key Documents:
Ad-hoc Review / Production**

Contributing Processes Regulatory Monitoring

Page 282

- 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
- Council Plan
- Digital Strategy
- Equal Pay Audit (Gender Pay Reporting)
- Financial Procedural Rules
- 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

- 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

- Appraisal and Supervision
- Attendance management
- Governance & Audit Committee
- Budget Monitoring Reports
- Comments, Complaints and Compliments
- Corporate Governance
- Corporate Health & Safety
- Council (Plan) Governance arrangements
- Council Meetings
- Engagement and Consultation
- External Audit
- Flintshire County Council website
- 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 arrangements
- Your Council newsletter

2023/24

Flintshire County Council
Annual Governance Statement
Enclosure 2

Draft Version

What is the Purpose of this Document?

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

- What is the Annual Governance Statement (AGS)?
- Comparison of the Effectiveness of the Council's Governance arrangements
- Key principles of the Corporate Governance arrangements 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 2022/23 AGS
- What are the governance issues identified during 2023/24
- What are the strategic issues identified during 2023/24
- 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;
- 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;
- Report on any governance issues identified from this review and provide a commitment to addressing them; and
- In referring to the Council, this includes its group relationship with other entities such as New Homes and Newydd

The Annual Governance Statement reports on the governance framework that has been in place at Flintshire County Council during the financial year 2023/24 and up to the date of approval of the Statement of Accounts.

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 March 2023. Overall, the Auditor General for Wales has reached a positive conclusion. No formal recommendations have been made during the year and proposals for improvement have arisen from the national and local reviews undertaken. The Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 12 April 2024, after the deadline agreed with the Welsh Government of 30 November 2023. The audit was delivered later than in previous years mainly due to the impact of new auditing standard requirements.

Our Annual General Meeting of Council was held on 4th May 2023, at which point the five committee Overview and Scrutiny structure was agreed.

Internal Audit Annual Opinion

"For the year ending 31 March 2024, based on the work the Internal Audit Service has undertaken my opinion is that Flintshire County Council has, overall, 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 arrangements. 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 December 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 CIPFA FM Code.

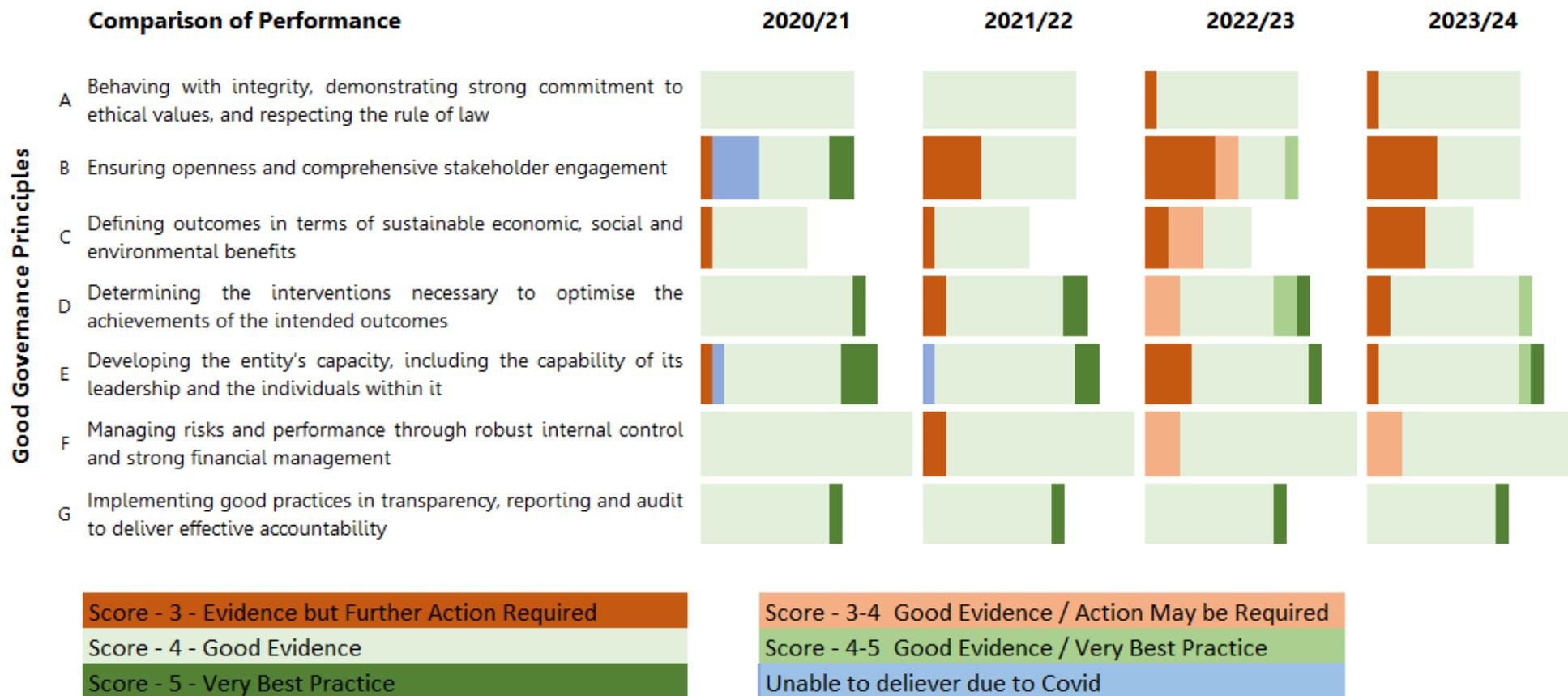
As part of the annual review of the Annual Governance Statement I have reviewed our previous assessment of Flintshire's compliance with the CIPFA FM Code and I can confirm that in my opinion Flintshire is still compliant with the code in the majority of areas.

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

- The absence of any indicative Welsh Government funding settlement for 2025/26 and beyond presents significant challenges and uncertainty and requires a prudent approach whilst urgently prioritising our budget planning requirements.
- 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.
- To review and develop a future approach to budget consultation as part of Stakeholder Engagement.

Comparison of the Effectiveness of the Council’s Governance Framework

Page 288



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 (Score of 4/5 and 5):

- (D48) 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, E64) Recognising the benefits of partnerships and collaborative working where added value can be achieved. Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.
- (G92) Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.

Further Action Required (Score of 3 and 3/4):

- (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, B26) Circumstances have curtailed our ability to consult and engage, but not the willingness to do so. However, a Customer Service and Communication Manager is now in post and work has begun to improve how the Council consults and engages more effectively.
- (C28, C29, C31, C32, C33) 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. Principle C further actions required have linkage with actions identified within Principle B.
- (D37, D40) Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to priorities competing demands within limited resources available including people, skills, land, and assets and bearing in mind future impacts. Considering and monitoring risks facing each partner when working collaboratively including shared risks.
- (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, F69, F73) Implementing robust and integrated risk management arrangements and ensuring that they are working effectively. Aligning the risk management strategy and policies on internal control with achieving the Council’s objectives.

The Main Themes Identified for Improvement for 2023/24

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 is competitive, 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 2023/24 reviewed the Council's position against the 7 Good Governance Principles and the 94 Sub Principle. In May 2024 a workshop was undertaken with members from the Governance and Audit Committee and Cabinet 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 five 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 the Council assesses 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 and members.
- **Training Opportunities**
 - Enhanced decision making and challenge process through focused training, facilitated sessions available to Members and Senior Officers.

- **Embedding of Risk Management**

- Implementing robust and integrated risk management arrangements, within the Council's financial, social and environmental position.
- Increase level of awareness and understanding of risk management across the Council through the development and roll out of risk management e-learning module.

Outcome of the questionnaires completed by Members:

Members agreed with the five 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
- Embedding of Risk Management will enable the Council to identify future risks and also opportunities.

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

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 293

Areas of Good Evidence 2023/24 (Score of 4)	Areas Identified for Further Improvement 2023/24 (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

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: E-newsletters, the Council’s website, Tenants Forums, Service user groups, Quality circles, Use of infographics, Surveys (for example, Survey of Tenants and Residents)

Page 294

Areas of Good Evidence 2023/24 (Score of 4)	Areas Identified for Further Improvement 2023/24 (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, B26) Customer Service and Communication Manager is now in post and work has begun to improve how the Council consults and engages more effectively e.g., through better use of social media and a new consultation and engagement hub which is due to be launched on the Council’s website imminently. Research is currently underway to identify areas of good practice to help inform and develop a local strategy for consultation and engagement

	<ul style="list-style-type: none">• A mid-plan review of Council Plan 2023-28 is planned for late 2024, early 2025, which will also include consultation to ensure the views and experience of citizens, service users are considered• A recent Audit Wales report has identified that improvement in Service User perspective / views needed to inform decisions and proposals to the recommendations will be implemented over the next year
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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 Medium-Term Financial Strategy (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 296

Areas of Good Evidence 2023/24 (Score of 4)	Areas Identified for Further Improvement 2023/24 (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, Well-being Plan 2023 to 2028 focuses on improving 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"> • (C28, C29, C31) Increasing priorities with limited additional resources available (vacancy management and financial challenges) continues to provide pressures on the Council and is in some instances impacting negatively on service delivery. However, by continuing to embed the use of Integrated Impact Assessments it supports and inform decision making and determining priorities, making best use of resources available • (C32, C33) Development of business planning within performance management system will support longer term business planning, whilst evidencing any associated risks / opportunities. This includes consider and balancing the combined economic, social and environmental impacts of policies and strategies

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 • 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 297

Areas of Very Best Practice 2023/24 (Score of 4/5)	Areas Identified for Further Improvement 2023/24 (Score of 3)
<ul style="list-style-type: none"> • (D48) 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 	<ul style="list-style-type: none"> • (D37) Implementing the recommendations identified from within the Audit Wales regarding Use of Performance Information: Service User Perspective and Outcomes • (D40) When working with partners and collaboratively risks (and also opportunities) are being explored consistently

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 298

<p>Areas of Very Best Practice 2023/24 (Score of 5)</p> <ul style="list-style-type: none"> • (E52) Recognising the benefits of partnerships and collaborative working where added value can be achieved
<p>Areas of Good Evidence 2023/24 (Score of 4 and 4/5)</p> <ul style="list-style-type: none"> • Partnership and collaborative working – locally, regionally and nationally • Service specific inductions continue to take place • Employee Engagement Survey undertaken, which included health and wellbeing questions, responses indicate interventions are welcomed and positive. A Well-being Strategy currently in draft • Dedicated mental health and employee wellbeing page on the Infonet which provides links to MIND Wellness Action Plans, our Employee Assistance Programme (available 24/7 365 days per year)
<p>Areas Identified for Further Improvement 2023/24 (Score of 3)</p> <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.

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 299

Good Evidence 2023/24 (Score of 4)	Areas Identified for Further Improvement 2023/24 (Score of 3/4)
<ul style="list-style-type: none"> Maintained and frequent reporting and monitoring of performance and risk Risk Management Framework reviewed and updated Effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made 	<ul style="list-style-type: none"> (F66) Embedding the risk management framework (F69) Risks identified and reported upon in more detail within Committee reports (F73) Continuing to align the risk management framework and policies on internal control with achieving the Council’s objectives

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 300

Areas of Very Best Practice 2023/24 (Score of 5)	Good Evidence 2023/24 (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. Effectives processes are in place to monitor outstanding Internal Audit actions, reporting to Chief Officers monthly. • All external regulatory reports and the corresponding response to recommendations are considered by Cabinet and Overview and Scrutiny Committee’s with an overview going to Governance and Audit Committee annually.

How Have We Addressed the Governance and Strategic Issues From 2022/23 AGS?

The 2022/23 Annual Governance Statement contained 15 governance and 29 strategic issues. Of these areas:

- Three Internal Governance issues were closed and detailed within the table below;
- Twelve Internal Governance issues remain open and these are included below and within the 2023/24 actions;
- Fifteen risks remain a red strategic risk and shown within the 2023/24 Strategic Issues
- Eight risks have since improved
- Six risks have closed

Progress Updates For Significant Governance Issues Reported in the 2022/23 AGS

The review of the effectiveness of the Council’s governance arrangements identified 15 governance issues during 2022/23. Progress updates of how the risk has been addressed and if it remains open is provided below:

Page 301

Internal Council Governance issues	Mitigation Actions	Current Status	Progress Update	Progress RAG
(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	Action plan for to enhance Members understanding of their role. Workshop for Members and to provide relevant training and learning opportunities	Open	The council has voluntarily adopted a register of interests for senior officers to further demonstrate openness. The Council continues to provide relevant training and learning opportunities for Members to ensure Members are fully aware and have an understanding of their role.	Amber
(B17, B18, B21, B23, B24, B25) Circumstances previously curtailed the Council’s ability to consult and engage, but not the willingness to do so.	An action plan was developed to make improvements in the regards to Consultation and Engagement with residents of Flintshire.	Open	Following a service review in late 2022, a new Customer Service and Communications Manager was appointed in 2023. A priority is to develop a Consultation and Engagement Strategy for the Council. 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	Amber

Internal Council Governance issues	Mitigation Actions	Current Status	Progress Update	Progress RAG
			insight. The strategy will act as a toolkit to assist services to consult and engage with communities successfully. work has begun to improve how the Council consults and engages more effectively e.g., through better use of social media and a new consultation and engagement hub.	
(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 are utilised and happen consistently across all portfolio's Review the challenges with vacancy management 	<p style="text-align: center;">Open</p>	Due to existing budget pressures and vacancy management, which impacts sustainability (Five Ways of Working, Well-being of Future Generations (Wales) Act 2015) work remains ongoing regarding review of pay model. Workshops have been undertaken with Members to review pay model options and costing associated. Integrated Impacts Assessments need to be embedded further within the Council. Development of Portfolio business plans within the Performance Management System is progressing and will assist with linking policies, risks, and plans.	<p style="text-align: center;">Amber</p>
(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 	<p style="text-align: center;">Closed (excluding E61)</p>	Recent training provided by APSE to highlight range of benchmarking available and ongoing support provided to key services area. New benchmarking now available to support Climate Change with APSE with the Council exchanging in this opportunity. Career conversations form part of annual appraisals.	<p style="text-align: center;">Green</p>

Internal Council Governance issues	Mitigation Actions	Current Status	Progress Update	Progress RAG
			<p>A review of Member Development and training needs has been completed, with the Constitution and Democratic Services Committee having oversight of this process. A report covering training and development is taken to the Committee at least quarterly. A final programme will identify sessions / topics that will be 'mandatory', and the Committee will monitor delivery and attendance of these (and all sessions included within the programme).</p> <p>Specific training for members of the Scrutiny Committees has been delivered, as well as sessions on Chairing skills which have been offered to all Members as well as targeting the Chairs and Vice-Chairs of Committees.</p> <p>(E51, E53, E57 closed and E61 – remains open in 2023/24)</p>	
<p>(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.</p>	<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 	<p>Open</p>	<p>Risk Management Framework was revised and approved by Governance and Audit Committee in January 2024, shared with Officers and available on the Council's website and Infonet. Officers are reviewing their risks monthly with all risks now transferred and managed within the performance and risk management system.</p> <p>Risk Management e-learning module is in its final stages and will be rolled out August 2024.</p>	<p>Amber</p>

Progress Updates For Significant Strategic Issues Reported in the 2022/23 AGS

The review of the effectiveness of the Council’s governance arrangements identified 29 strategic issues (red risks) during 2022/23. 15 risks remain a red strategic risk, eight risks have since improved and six risks have closed. Reasons as to why six risks have closed and why eight risks have improved is provided below:

Strategic issues in 2022/23 which have since closed	Current Status	Progress Update	Progress RAYG
CC01 – Non-compliance of the Welsh Language Standards	CLOSED	Closed as of April 2024 as Contact Centre is fully staffed with 30% Welsh speakers.	Green
CF14 - Impact on the Housing Revenue Account (HRA) of a sustained loss of housing rent due to the financial position of tenants	CLOSED	Closed as of April 2024 as this risk emanates from the covid response and is no longer a significant risk to the HRA as rent arrears have stabilised, and are consistently falling, over a period of 12 months.	Green
HA06 - Impacts on income stream based on delayed/non recovery of housing benefit overpayment	CLOSED	Risk was merged with CF14 during financial year 2023/24 and closed in April 2024.	Green
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	CLOSED	Risk closed September 2023 for the whole service, however an open risk remains for Children’s Services workforce of qualified and experienced staff.	Green
HR24 - Changes to holiday pay calculations and practices in light of the Supreme Court Judgement in Harper Trust and Brazel	CLOSED	Risk closed May 2024 as changes to calculations and increases in the Council’s annual leave provision means that the Council is legally compliant.	Green
CPA17 - Impact of workload demand and HR issues on remaining employees	CLOSED	Closed December 2023 following a risk register review by the Capital Programme and Assets portfolio and this risk has merged with RCPA01 to become one risk.	Green
CPA12 - Failure to secure mutually agreeable new agreement with Aura / Newydd could lead to financial, reputation, legal and service implications	CLOSED	Risk is closing in June 2024 as it considers all Alternative Delivery Models (ADM). Each ADM will be a individual risk within the risk register.	Green

Page 304

<p>New code as of 2023/24 – RCPA12</p> <p>New description as of 2023/24 - Contractual arrangements requiring review and agreement of Alternative Delivery Models (ADM's)</p>			
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COG 303087

<p>Red Strategic issues in 2022/23 which have since improved</p>	<p>Current Score</p>	<p>Progress Update</p>	<p>Progress RAYG</p>
<p>EY06 - Insufficient funding to deliver new archive premises New code as of 2023/24 – REY06</p>	<p>4</p>	<p>This risk is reducing as a grant funding offer has been received from National Lottery Heritage Fund to assist with the costs of building a new archive for the North East Wales Archive on the Theatr Clwyd site, supported by matched capital funding from Flintshire and Denbighshire Councils. Acceptance of the grant funding now needs to be formally approved by both Cabinets.</p>	<p>Yellow</p>
<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>	<p>6</p>	<p>Winter works have been completed now waiting for summer survey period.</p>	<p>Amber</p>
<p>PE33 - Prevent delays in development proceeding by mitigating the impact of Phosphates New code as of 2023/24 – RPE33</p>	<p>2</p>	<p>There are no delays being incurred as National Resource Wales and Welsh Water have now published their joint review of permits for Waste Water Treatment Works, where all three affected Waste Water Treatment Works in Flintshire have a valid permit and headroom within the permit limit to treat more phosphates.</p>	<p>Green</p>
<p>PE34 - Failure to update the Council's Flood Risk Management Strategy to mitigate the flood risk to vulnerable communities New code as of 2023/24 – RPE34</p>	<p>3</p>	<p>A framework strategy has been produced working with the Council's consultants. Meeting consultants at the end of April took place to review draft, identify gaps and information required, and plan engagement both internally within the Council and with key stakeholders.</p>	<p>Yellow</p>
<p>PE42 - Slow progress with the Strategic Development Plan (SDP) fails to set context for Local Development Plan 2</p>	<p>4</p>	<p>The Council does not control the progress with the SDP as this is with the CJC, who have recently appointed a project co-ordinator. Planning Strategy Manager is leading on producing a background context report for the SDP, highlighting</p>	<p>Yellow</p>

<p>New code as of 2023/24 – RPE42</p>		<p>respective positions with LDPs in North Wales, cumulative housing and employment growth targets, and assessing strategic objectives and policies to develop a common set of themes for the SDP. Will also produce an outline framework for the structure of what the SDP could look like.</p>	
<p>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</p> <p>New code as of 2023/24 – RSS09</p>	<p>9</p>	<p>We are still finding it difficult to source enough capacity externally to be able to meet the residential need. However, we have stabilised the market. The Croes Atti 2 development will increase our internal capacity, and an independent sector home that was previously closed reopened in January, providing capacity for EMI nursing and possibly some residential care.</p>	<p>Amber</p>
<p>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</p> <p>New code as of 2023/24 – RSS10</p>	<p>9</p>	<p>The domiciliary inbox remains high with individuals having to wait for care in some cases. We have been successful in purchasing a block hours contract in Holywell, and are looking at other areas where care is difficult to source; expressions of interest for block hours contracts are going out to the Framework. The ongoing development of Microcare is helping to alleviate the situation; there have been an additional 7 Micro-Carers setup during this financial year, increasing the number of active Micro-Carers to 38. We have directly commissioned with 3 Micro-Care providers this year for personal care services, and 4 for well-being services, and we are actively seeking to develop more direct commissioning.</p>	<p>Amber</p>
<p>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.</p> <p>New code as of 2023/24 – RHR09</p>	<p>9</p>	<p>A number of pay models have been developed and costed (excluding vacancies). Work is underway to validate genuine vacancies (with budget) between HR and Finance. Cabinet/Council advised that no budget has been identified for this workstream.</p>	<p>Amber</p>

Page 306

What are the Governance Issues Identified During 2023/24?

The review of the effectiveness of the Council’s governance arrangements identified thirteen internal governance issue during 2023/24. Details of how the issue has been addressed and if it remains open is provided below. New issues identified during 2023/24 are highlighted in red:

Internal Council Governance issues for 2023/24	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"> Continue to highlight the role and responsibility of Members Workshop for Members (as and when required) To continue to provide relevant training and learning opportunities
<ul style="list-style-type: none"> (B17, B18, B21, B23, B24, B25, B26) Circumstances previously curtailed the Council’s ability to consult and engage, but not the willingness to do so. Ongoing planning to ensure implementation of the Local Government and Elections (Wales) Act 2021 	<ul style="list-style-type: none"> Development of a consultation and engagement hub Creating a Customer and Engagement and Public Participation Strategy Development of social media platforms (Facebook has already been developed) Use of Council’s complaints and feedback for continued service improvement
<ul style="list-style-type: none"> (C28, C29, C31, C32, C33) 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"> (D37) Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to priorities competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts. (D40) Considering and monitoring risks facing each partner when working collaboratively including shared risks. 	<ul style="list-style-type: none"> (D37) Implementing the recommendations identified from within the Audit Wales regarding Use of Performance Information: Service User Perspective and Outcomes. Mid-plan review of Council Plan (2023-28) to ensure consideration of service user perspective (D40) When working with partners and collaboratively risks (and also opportunities) are being explored consistently.
<ul style="list-style-type: none"> (E51) Ensuring that there are structures in place to encourage public participation 	<ul style="list-style-type: none"> This internal governance issue mitigation actions for E51 are the same for B17, B18, B21, B23, B24, B25, B26

Internal Council Governance issues for 2023/24	Mitigation Actions
<ul style="list-style-type: none"> (F66, F69, F73,) An Internal Audit review of the risk management framework and risk register was undertaken during 23/24 and has highlighted some areas for improvement to build upon the risk management framework. 	<ul style="list-style-type: none"> Continue to embed the Risk Management Framework Undertake annual review of Risk Management Framework The further develop the reporting of risks within the performance and risk management system Reports presented to Committees as of Autumn 2024 Roll out of the E-learning risk management training module August 2024
<ul style="list-style-type: none"> Red / Limited Assurance Audit – Deferred Charges and Management of Residential Care Liabilities 	<ul style="list-style-type: none"> Full Action Plan has been developed and shared with Governance and Audit Committee in April 2024
<ul style="list-style-type: none"> Red / Limited Assurance Audit – Recycling Targets 	<ul style="list-style-type: none"> Full Action Plan has been developed and will be shared with Governance and Audit Committee in July 2024

What are the Strategic Issues Identified During 2023/24?

The review of the effectiveness of the Council’s governance arrangements identified 19 Strategic Red Risks during 2023/24. Details of how the issues have been addressed is provided below:

Strategic Issues for 2023/24	Mitigating Actions	Target Score ¹
<p>EY01 - Secondary schools are not financially viable due to insufficient base funding and falling pupil numbers</p> <p>New code as of 2023/24 - REY01</p>	<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 	<p>15</p>
<p>EY13 - Inability to fully deliver on Welsh Government's Sustainable Communities for Learning Programme due to financial, workforce and contractor implications</p> <p>New code as of 2023/24 - REY13</p>	<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 	<p>15</p>
<p>EY36 - External Grants for Revenue Expenditure</p> <p>New code as of 2023/24 – REY36</p>	<ul style="list-style-type: none"> • Monitoring through monthly Portfolio Finance Meetings; Education programme Board 	<p>15</p>
<p>REY37 - Lack of resources/capacity to meet increasing demand for specialist provision, means children and young people with complex educational needs are not accessing appropriate education provision</p> <p>New risk for 2023/24</p>	<ul style="list-style-type: none"> • Options for an increase in specialist school provision by use of WG grant funding; using grant funding to increase number of places within resource provision in secondary sector 	<p>8</p>

¹ Target score for some strategic risks are a red RAYG status and this is due to the nature of the risk itself

Strategic Issues for 2023/24	Mitigating Actions	Target Score ¹
<p>CG02 - Significant Loss of Corporate data and systems due to security / environmental / Technical incident</p> <p>New code as of 2023/24 - RGV01</p>	<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 	<p>12</p>
<p>GO10 - Failure to meet agreed deadlines within the Digital Strategy</p> <p>New code as of 2023/24 - RGV03</p>	<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 	<p>6</p>
<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> <p>New code as of 2023/24 – RHC09</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 • Monthly financial review of budgets to monitor current expenditure and project in-year an future pressures 	<p>12</p>

Strategic Issues for 2023/24	Mitigating Actions	Target Score ¹
<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> <p>New code as of 2023/24 – RHC10</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>15</p>
<p>NR05 – Delays in pre-construction process due to planning and Sustainable Drainage Approval Body (SABS) applications</p> <p>New code as of 2023/24 – RHC11</p> <p>Updated description - Delays in pre-construction process due to planning and sustainable drainage approval body (SABS) applications may lead to late delivery of schemes, and loss of Social Housing Grant (SHG) within the annual PDP allocation</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>8</p>

Strategic Issues for 2023/24	Mitigating Actions	Target Score ¹
<p>RPE03 - Unable to regenerate Town Centres through implementation of the Town Centre Strategy due to insufficient resources and wider economic trends</p> <p>New risk for 2023/24</p>	<ul style="list-style-type: none"> • Develop new place making plans to set out future actions in each town. Each plan to be based upon refreshed data analysis, commercial assessment and community consultation • Manage expectations from stakeholders by differentiating between aspirations and agreed actions with resources • Monitor the progress of the place making plans and availability of resources for their delivery 	4
<p>RPE55 - Inability of the Council to cost its carbon reduction strategy causing issues with identification and commitment of funds to realise the actions needed to become a net zero carbon Council.</p> <p>New risk for 2023/24</p>	<ul style="list-style-type: none"> • Work with Welsh Government, Welsh Local Government Association and other Welsh local authorities to understand and utilise best practice methods for costing carbon actions. Keep abreast of emerging technological solutions and cost implications of same. Where possible, utilise baseline data to forecast costs of associated decarbonisation works. 	4
<p>SS01 –Expenditure on out of county placements increases as placement costs increase in a demand led market.</p> <p>New code as of 2023/24 – RSS01</p>	<ul style="list-style-type: none"> • Working with local providers to reshape the residential market • Maximising local housing options 	9
<p>SS22 - An insufficient supply of placements leads to young people being placed in unregistered settings</p> <p>New code as of 2023/24 – RSS22</p>	<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 • Maximising local housing options 	9

Strategic Issues for 2023/24	Mitigating Actions	Target Score ¹
<p>ST-S07 - Inability to achieve national recycling targets due to increased residual waste tonnages collected</p> <p>New code as of 2023/24 – RST07</p>	<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. 	2
<p>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</p> <p>New code as of 2023/24 – RCF18</p>	<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 	9
<p>RCF09 - Sufficient funding capacity to meet Welsh Housing Quality Standards 2.0 targets</p> <p>New risk for 2023/24</p>	<ul style="list-style-type: none"> Finance and service area are working to assess financial impact and mitigation options, findings reported through to Senior Management Team, Programme Board and Chief Officer Team 	10
<p>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</p> <p>New code as of 2023/24 – RCPA01</p> <p>New description as of 2023/24 – Difficulties in fulfilling workload, recruiting and retaining the right/qualified staff and the impact on the existing workforce. This is a result of multiple factors such as: reduced human resource as a result of historic restructuring and efficiencies; workforce demographics; loss of professional qualified employees.</p>	<ul style="list-style-type: none"> Commission service delivery, with supporting budget Explore different ways of working Review workload/demand and resource 	12

Strategic Issues for 2023/24	Mitigating Actions	Target Score ¹
<p>RCPA09 - Compliance with carbon targets for corporate assets/ property</p> <p>New risk for 2023/24</p>	<ul style="list-style-type: none"> • All corporate offices have a Building Management System (BMS) . Ty Dewi Sant BMS is being upgraded and will be completed in 24/25 financial year • Building Management systems are being installed in schools, as of May 2024 this project is 80% complete • All new Schools and care homes being constructed will be achieving the Net Zero Carbon requirement, examples being; Mynydd Isa Campus, Ysgol Croes Atti, Flint and the new Croes Atti residential care home • The annual Capital Repair and Management programme routinely undertake projects, such as reroofing (and in doing so insulation is brought up to the required standard), single glazed windows to be replaced by thermally efficient units • The phase out of oil boilers within the school’s portfolio has been completed and other boilers within the school’s portfolio to be replaced with the most efficient product available • The Council has agreed and will be undertaking a Refit Programme, this is contained within the Capital programme. The Aim is to achieve an annual CO2 savings of 481 tonnes • To implement the proposed office rationalisation project in order to further reduce the Council’s CO2 • 	<p>4</p>
<p>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</p> <p>New code as of 2023/24 – RCPA13</p>	<ul style="list-style-type: none"> • Commissioning services need to challenge via established routes 	<p>12</p>

Page 314

* The strategic risks identified for 2023/24 are kept under frequent review*

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 315

Neal Cockerton – Chief Executive

Cllr. Ian B Roberts – Leader of the Council

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GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Wednesday, 24 th July 2024
Report Subject	Audit Wales, Flintshire County Council – Detailed Audit Plan 2024
Report Author	Chief Executive
Type of Report	Assurance

EXECUTIVE SUMMARY

The Audit Wales Detailed Audit Plan 2024 specifies the Auditor General for Wales statutory responsibilities as the Council's external auditor, and to fulfil their obligations under the Code of Audit Practice.

In addition, the Audit Wales Detailed Audit Plan 2024, sets out the work the Auditor General for Wales team intends undertaking to address the audit risks identified and other key areas of focus during 2024.

It also sets out the Auditor General for Wales estimated audit fee costs, details of the audit team and key dates for delivering the audit team's activities and planned outputs for the year.

RECOMMENDATIONS

1	That the Committee endorse the Audit Wales, Detailed Audit Plan 2024.
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REPORT DETAILS

1.00	EXPLAINING THE AUDIT WALES DETAILED AUDIT PLAN 2024
1.01	Audit Wales will be in attendance at the Governance and Audit Committee meeting to present the Audit Wales Detailed Audit Plan.
1.02	The Auditor General for Wales has a responsibility each year to meet the following duties; Audit of Financial Statements <ul style="list-style-type: none"> Audit Flintshire County Council's financial statements to make sure that public money is being properly accounted for.

	<ul style="list-style-type: none"> Flintshire County Council has to put in place arrangements to get value for money for the resources it uses and has to be satisfied that it has done this. Flintshire County Council needs to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General for Wales must assess the extent to which they are doing this. <p>Performance Audit Work</p> <ul style="list-style-type: none"> Carry out a programme of performance audit work to discharge their duties as Auditor General for Wales in relation to value for money and sustainable development. Local performance audit programme will continue to be delivered through a combination of an Assurance and Risk Assessment Project, bespoke local projects and thematic projects examining risks common to all councils.
1.03	<p>Audit of Financial Statements</p> <p>The audit of financial statements will concentrate on risks and other areas of focus and will include;</p> <p>Significant financial statement risk (Exhibit 1, Page 10)</p> <ul style="list-style-type: none"> Management override of controls <p>Other areas of audit focus (Exhibit 2, Page 11-12)</p> <ul style="list-style-type: none"> Valuation of land and buildings Valuation of pensions net liability/asset <p>Key dates for delivery of planned outputs in regard to Financial Statements is detailed in Exhibit 3, Page 13.</p>
1.04	<p>Performance Audit Work</p> <p>The performance audit will include;</p> <ul style="list-style-type: none"> Assurance and Risk Assessment Local work – Transformation Local work – Oversight of Partnerships <p>Key dates for delivery of planned outputs in regard to Performance Audit Work is detailed in Exhibit 4, Page 14.</p>

2.00	RESOURCE IMPLICATIONS
2.01	<p>Proposed fees charged for the audit work for Flintshire County Council is included in the Detailed Audit Plan 2024 in Exhibit 5: Breakdown of Audit Fee.</p> <p>In January 2024, Audit Wales published their Fee Scheme for the 2024-25 year as approved by the Senedd Finance Committee. The fee rates for 2024-25 have increased by an average of 6.4%, as a result of unavoidable</p>

	inflationary pressures and the ongoing need to invest in audit quality, Audit Wales estimate the total audit fee will be £405,433.
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3.00	CONSULTATIONS REQUIRED / CARRIED OUT
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3.01	None required.
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4.00	RISK MANAGEMENT
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4.01	All audit work is carried out on a risk based approach and Audit Wales use a three lines of assurance model to achieve this.
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5.00	APPENDICES
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5.01	Appendix 1: Audit Wales Detailed Audit Plan 2024 (Flintshire County Council)
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6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
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6.01	N/A
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7.00	CONTACT OFFICER DETAILS
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7.01	Contact Officer: Emma Heath (Strategic Performance Advisor) Telephone: 01352 702744 E-mail: emma.heath@flintshire.gov.uk
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7.00	GLOSSARY OF TERMS
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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 1st April.</p> <p>Material: A concept used to inform judgements regarding the accuracy of the Council's Statement of Accounts. The basis could be quantitative with</p>
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an assigned value or qualitative and affected by issues that are legal, regulatory, or politically sensitive.

Financial Accounts / 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.

Flintshire County Council – Detailed Audit Plan 2024

Audit year: 2024

Date issued: June 2024

Document reference: 4371A2024



This document has been prepared as part of work performed in accordance with statutory functions. Further information can be found in our [Statement of Responsibilities](#).

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities each with their own legal functions as described above. Audit Wales is not a legal entity and itself does not have any functions.

No responsibility is taken by the Auditor General, the staff of the Wales Audit Office or, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

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, the Wales Audit Office and, where applicable, the appointed auditor are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office 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.

About Audit Wales

Our aims and ambitions

Assure



the people of
Wales that public
money is well
managed

Explain



how public
money is being
used to meet
people's needs

Inspire



and empower
the Welsh
public sector to
improve



Fully exploit
our unique
perspective,
expertise and
depth of insight



Strengthen our
position as an
authoritative,
trusted and
independent
voice



Increase our
visibility,
influence and
relevance



Be a model
organisation for
the public sector
in Wales and
beyond

Contents

Introduction	5
Your audit at a glance	8
Financial statements' materiality	9
Significant financial statements' risks	10
Other areas of focus	11
Financial statements' audit timetable	14
Planned performance audit work	15
Certification of grant claims and returns	16
Statutory audit functions	16
Fee and audit team	17
Audit quality	19
Supporting you	20

Introduction

I have now largely completed my planning work.

This Detailed Audit Plan specifies my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

It sets out the work my team intends undertaking to address the audit risks identified and other key areas of focus during 2024.

It also sets out my estimated audit fee, details of my audit team and key dates for delivering my audit team's activities and planned outputs.



Adrian Crompton

Auditor General for
Wales

Audit of financial statements

I am required to issue a report on your financial statements which includes an opinion on their 'truth and fairness' and the proper preparation in accordance with accounting requirements.

I will also report by exception on a number of matters which are set out in more detail in our Statement of Responsibilities.

In addition to my responsibilities for auditing Flintshire County Council's (the Council) financial statements, I also have responsibility for:

- certifying a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts;
- responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary);
- the audit of the North Wales Residual Waste Joint Committee; and
- the certification of a number of grant claims and returns as agreed with the funding bodies.

I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material is set out later in this plan.

There have been no limitations imposed on me in planning the scope of this audit.

Performance audit work

I must satisfy myself that the Council:

- has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources. I do this by undertaking an appropriate programme of performance audit work each year.
- is acting in accordance with the sustainable development principle when setting and taking steps to meet their well-being objectives.

My work programme is informed by specific issues and risks facing the Council and wider local government in Wales. I have also taken account of the work that is being undertaken or planned by other external review bodies and by internal audit.

My local performance audit programme will continue to be delivered through a combination of an Assurance and Risk Assessment Project, bespoke local projects and thematic projects examining risks common to all councils.

My performance audit work is designed to comply with auditing standards set out by the International Organisation of Supreme Audit Institutions (INTOSAI). This is a global umbrella organisation for the performance audit community. It is a non-governmental organisation with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations.

Your audit at a glance



My financial statements audit will concentrate on your risks and other areas of focus

My audit planning has identified the following risks:

Significant financial statement risk

- Management override of controls

Other areas of audit focus

- Valuation of land and buildings
- Valuation of pensions net liability/asset



My performance audit will include:

- Assurance and Risk Assessment
- Local work – Transformation
- Local work – Oversight of Partnerships



Materiality

Materiality – Group	£5,717,000
Reporting threshold – Group	£286,000
Materiality – Flintshire County Council	£5,684,000
Reporting threshold – Flintshire County Council	£277,000

Financial statements' materiality



Materiality - Group £5.717 million

Materiality - Flintshire County Council £5.684 million

My aim is to identify and correct material misstatements, that is, those that might otherwise mislead the user of the accounts.

Group materiality is calculated using:

- 2023-24 gross expenditure of £571.7 million
- Materiality percentage of 1%

The materiality for Flintshire County Council (single entity) is calculated using:

- 2023-24 gross expenditure of £568.4 million
- Materiality percentage of 1%

I report to those charged with governance any misstatements above a trivial level (set at 5% of materiality).



Areas of specific interest

There are some areas of the accounts that may be of more importance to the user of the accounts, and we have set a lower materiality level for these:

- Senior officer remuneration £1,000
- Related party disclosures relating to individuals £10,000

Significant financial statements' risks

Significant risks are identified risks of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk or those which are to be treated as a significant risk in accordance with the requirements of other ISAs. The ISAs require us to focus more attention on these significant risks.

Exhibit 1: significant financial statement risks

Significant risk	Our planned response
The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.32-33].	The audit team will: <ul style="list-style-type: none">• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;• review accounting estimates for bias; and• evaluate the rationale for any significant transactions outside the normal course of business.

The audit team is yet to conclude all areas of the risk assessment. Should any further significant financial risks arise on completion of this work, we will update the Corporate Finance Manager and the Governance and Audit Committee via its Chair and re-issue my Detailed Audit Plan if required.

Other areas of focus

I set out other identified risks of material misstatement which, whilst not determined to be significant risks as above, I would like to bring to your attention.

Exhibit 2: other areas of focus

Audit risk	Our planned response
<p>Valuation of pension fund net liability</p> <p>The Local Government Pension scheme (LGPS) pension fund liability as reflected in the financial statements are material estimates.</p> <p>The nature of this estimate means that it is subject to a high degree of estimation uncertainty as it is sensitive to small adjustments in the assumptions used in its calculation.</p> <p>The impact of economic conditions, particularly interest rate levels also has a significant impact on the liability.</p> <p>There are also several LGPS wide legal cases potentially impacting on the valuation of the net liability.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> • evaluate the instructions issued by management to their management experts (actuary) for this estimate and the scope of the actuary’s work; • assess the competence, capabilities and objectivity of the actuary who carried out the valuations; • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • test the accuracy of the pension fund net liability and disclosures in the financial statements with the actuarial report from the actuary; • assess the reasonableness of the assumptions made by the actuary by reviewing the report of the consulting actuary (auditor’s expert) and undertaking any additional procedures required; and • assess whether any legal cases could have a material impact on the net liability, and if so, confirm that this has been appropriately recognised and disclosed within the financial statements.

Audit risk	Our planned response
<p>Valuation of land and buildings</p> <p>The value of land and buildings reflected in the balance sheet and notes to the accounts are material estimates.</p> <p>Land and buildings are required to be held on a valuation basis which is dependent on the nature and use of the assets. This estimate is subject to a high degree of subjectivity, depending on the specialist and management assumptions, and changes in these can result in material changes to valuations.</p> <p>Assets are required to be revalued every five years, but values may also change year on year, and there is a risk that the carrying value of assets reflected in the accounts could be materially different to the current value of assets as at 31 March 2024, particularly in the current economic environment.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> • review the information provided to the valuer to assess for completeness; • evaluate the competence, capabilities and objectivity of the professional valuer; • test a sample of assets revalued in the year to ensure the valuation basis, key data and assumptions used in the valuation process are reasonable, and the revaluations have been correctly reflected in the financial statements; and • test the reconciliation between the financial ledger and the asset register.

Financial statements' audit timetable

I set out below key dates for delivery of my accounts audit work and planned outputs.

Exhibit 3: key dates for delivery of planned outputs

Planned output	Work undertaken	Report finalised
2024 Detailed Audit Plan	May to June 2024	July 2024
Audit of financial statements work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on the Financial Statements	July to November 2024	November 2024

Planned performance audit work

I set out below details of my performance audit work and key dates for delivery of planned outputs.

Exhibit 4: key dates for delivery of planned outputs

Title	Description	Work undertaken
Assurance and risk assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources and acting in accordance with the sustainable development principle.	Ongoing
Local project work – Transformation	Project to provide assurance over the arrangements the Council has in place to secure value for money in its transformation programme.	Timescales for the project will be discussed with the Council and detailed within the specific project brief produced for the audit.
Local project work – Oversight of partnerships	Project to provide assurance over the arrangements the Council has in place to provide oversight of its partnerships. This includes providing a dialogue between partners and elected members, as well as scrutiny of their performance.	Timescales for the project will be discussed with the Council and detailed within the specific project brief produced for the audit.

Certification of grant claims and returns, and statutory audit functions

Certification of grant claims and returns

I have also been requested to undertake certification work on the Council's grant claims, which I anticipate will include Housing Benefits, Teachers' Pensions and NDR returns.

Statutory audit functions

In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:

- Section 30 Inspection of documents and questions at audit; and
- Section 31 Right to make objections at audit.

As this work is reactive, I have made no allowance in the fee below. If I do receive questions and objections, I will discuss potential audit fees at the time.

Fee and audit team

In January 2024, we published our [Fee Scheme](#) for the 2024-25 year as approved by the Senedd Finance Committee. My fee rates for 2024-25 have increased by an average of 6.4%, as a result of unavoidable inflationary pressures and the ongoing need to invest in audit quality.

I estimate your total audit fee will be £405,433.

Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.

Our financial audit fee is based on the following assumptions:

- The agreed audit deliverables set out the expected working paper requirements to support the financial statements and include timescales and responsibilities.
- No matters of significance, other than as summarised in this plan, are identified during the audit.

Exhibit 5: breakdown of audit fee

Audit area	Proposed fee for 2024 (£) ¹	Actual fee for 2023 (£)
Audit of financial statements ²	249,314	242,206 ³
Performance audit work ⁴	115,481	108,535
Grant certification work ⁵	35,000 – 40,000	45,494
North Wales Residual Waste Joint Committee	638	600
Total fee	405,433	396,835

¹ The fees shown in this document are exclusive of VAT, which is not charged to you.

² Payable November 2023 to October 2024.

³ The fee for the 2022-23 financial statements includes an additional £7,888 in respect of the additional audit work required on the capital accounting and valuation issues identified.

⁴ Payable April 2024 to March 2025.

⁵ Payable as work is undertaken.

Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.

The main members of my team, together with their contact details, are summarised in **Exhibit 6**.

Exhibit 6: my local audit team

Name	Role	Contact details
Matthew Edwards	Engagement Director	matthew.edwards@audit.wales
Gary Emery	Audit Director (Performance Audit)	gary.emery@audit.wales
Mike Whiteley	Audit Manager (Financial Audit)	mike.whiteley@audit.wales
Carwyn Rees	Audit Manager (Performance Audit)	carwyn.rees@audit.wales
Simon Monkhouse	Audit Lead (Financial Audit)	simon.monkhouse@audit.wales
Gareth Lewis	Audit Lead (Performance Audit)	gareth.lewis2@audit.wales

The only known threats to independence that I need to bring to your attention relate to Matthew Edwards, the Engagement Director. A member of his family is employed as a teacher by the Council. As a result, he will not be involved in any work at that school and his involvement in any other audit work in relation to education will only be permitted following a risk assessment.

I confirm that there are no other known threats to the independence of my team members. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

Audit quality

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

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by QAD* and our Chair, acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2023](#).

Our People



The first line of assurance is formed by our staff and management who are individually and collectively responsible for achieving the standards of audit quality to which we aspire.

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

Arrangements for achieving audit quality



The second line of assurance is formed by the policies, tools, learning & development, guidance, and leadership we provide to our staff to support them in achieving those standards of audit quality.

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

Independent assurance



The third line of assurance is formed by those activities that provide independent assurance over the effectiveness of the first two lines of assurance.

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

* QAD is the quality monitoring arm of ICAEW.

Supporting you

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

Visit our website to find:

	our Good Practice work where we share emerging practice and insights from our audit work in support of our objectives to assure, to explain and to inspire.
	our newsletter which provides you with regular updates on our public service audit work, good practice, and events.
	our publications which cover our audit work completed at public bodies.
	information on our forward performance audit work programme 2023-2026 which is shaped by stakeholder engagement activity and our picture of public services analysis.
	various data tools and infographics to help you better understand public spending trends including a range of other insights into the scrutiny of public service delivery.

You can find out more about Audit Wales in our [Annual Plan 2024-25](#) and [Our Strategy 2022-27](#).



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We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.



GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Wednesday, 24 th July 2024
Report Subject	Internal Audit Annual Report
Report Author	Internal Audit, Performance and Risk Manager
Type of Report	Assurance

EXECUTIVE SUMMARY

The Internal Audit, Performance and Risk Manager is required to deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual report must incorporate:

- The opinion;
- A summary of the work that supports the opinion; and
- A statement on conformance with the Public Sector Internal Audit Standards (PSIAS), and the results of the quality assurance and improvement programme (QAIP).

This report fulfils that requirement. Audit work undertaken throughout the year is summarised within the report. An external assessment against the PSIAS was last undertaken and reported to the committee in September 2022 and a self-assessment in April 2024. This report shows that Internal Audit generally conforms to the Standards.

The report and opinion have been used to inform the Annual Governance Statement, presented in another paper to this committee.

RECOMMENDATIONS

1	The Committee is requested to consider the report and receive the internal audit annual opinion.
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REPORT DETAILS

1.00	EXPLAINING THE INTERNAL AUDIT ANNUAL REPORT
1.01	The Internal Audit, Performance and Risk Manager is required to prepare a report giving the annual internal audit opinion and summarising the outcome of all internal audit work undertaken during the year. This is part of the framework of assurance that assists the Council in preparing the Annual Governance Statement for 2023/24.
1.02	It also aids the Governance and Audit Committee in its role to review the effectiveness of the Authority's systems of corporate governance, internal control, and risk management and to make reports and raise actions with the Council on the adequacy and effectiveness of those arrangements.
1.03	<p>The report outlines the role of the Internal Audit team and the professional standards it must meet. It includes a statement that the team generally conforms to the PSIAS. It then gives the annual audit opinion.</p> <p>For the year ending 31 March 2024, based on the work the Internal Audit Service has undertaken my opinion is that Flintshire County Council has, overall, an adequate and effective framework of governance, risk management and internal control.</p>
1.04	The report deals with the governance framework. In detail this covers corporate governance, information governance, risk management and internal controls. The report highlights where independent external assurance is received which supports the adequacy of the Council's governance arrangements.
1.05	<p>The report gives the level of coverage of the audit team during the year and summarises the work undertaken in 2023/24.</p> <p>A summary of work undertaken by the service by Portfolio is provided and the assurance levels given to the reviews, together with the categorisation and the number of agreed actions to address control weaknesses.</p>
1.06	Overall, performance of the team continues to be positive.

2.00	RESOURCE IMPLICATIONS
2.01	None as a result of this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None required.

4.00	RISK MANAGEMENT
4.01	Internal Audit operate to a risk-based plan designed to enable the annual opinion to be delivered. The report includes an opinion on risk management within the Council.

5.00	APPENDICES
5.01	Appendix A – Internal Audit Annual Report.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>None.</p> <p>Contact Officer: Lisa Brownbill, Internal Audit, Performance and Manager</p> <p>Telephone: 01352 702231</p> <p>E-mail: Lisa.brownbill@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>PSIAS, Public Sector Internal Audit Standards: a set of standards that all Internal Audit teams working in the public sector must comply with.</p> <p>Corporate Governance: the system by which local authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes.</p> <p>Risk Management: the process of identifying risks, evaluating their potential consequences and managing them. The aim is to reduce the frequency of risk events occurring (wherever this is possible) and minimise the severity of their consequences if they occur. Threats are managed by a process of controlling, transferring or retaining the risk. Opportunities are managed by identifying strategies to maximise the opportunity or reward for the organisation.</p>

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Internal Audit Annual Report



2024/25

Page 345

Contents

Section	Title	Page No
1	Introduction	2
1.1	The Definition & Role of Internal Audit	2
1.2	Professional Standards	2
1.3	Declaration of Independence	3
2	Internal Audit Assurance for 2023/24	4
2.1	Context	4
2.2	Resources	4
2.3	Internal Audit Opinion	4
2.4	Scope of Internal Audit Opinion	5
2.5	Basis of the Opinion	6

Section	Title	Page No
2.6	Level of Audit Coverage during the year	11
2.7	Assurance Levels	12
2.8	Other Internal Audit Work	12
2.9	Anti-Fraud and Corruption and Investigations	13
2.10	Advisory / Consultancy Work	14
2.11	Auditing Third Parties	14
2.12	Internal Audit Performance	14
Appendix A	Internal Audit Assurance Level	16
Appendix B	Internal Audit Opinions and Agreed Actions 2023/24	17

1. Introduction

1.1 The Definition and Role of Internal Audit

The definition of Internal Auditing in the Public Sector Internal Audit Standards (PSIAS) is as follows:

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The role and responsibilities of the Flintshire County Council's Internal Audit Service are outlined in the Internal Audit Charter, which has been approved by the Governance and Audit Committee and is part of the Constitution. It also specifies the department's independence, authority, scope of work and reporting arrangements. All audit work is carried out in accordance with the contents of the Charter.

The role of Internal Audit is to provide an independent and objective opinion to the organisation on the overall adequacy and effectiveness of the framework of internal control, risk management and governance. Internal audit is therefore a key part of Flintshire County Council's assurance cycle, and if used effectively, can inform and update the organisation's risk profile. Internal Audit is just one of the sources of assurance available to the Council and the Governance and Audit Committee that assists the Council to prepare the Annual Governance Statement.

1.2 Professional Standards

The professional responsibilities for Internal Auditors are set out in the International Standards for the Professional Practice of Internal Auditing, published by the Chartered Institute of Internal Auditors (CIIA) in the UK and Ireland. Public Sector Internal Audit Standards (PSIAS) are based on these Standards.

The Standards require the Audit Manager to develop a Quality Assurance and Improvement Programme (QAIP), designed to enable an evaluation of Internal Audit's conformance with the Standards. The QAIP must include both internal and external assessments. External assessments must be completed at least every five years. Internal assessments must include:

- Ongoing monitoring of the performance of the Internal Audit activity; and
- Periodic self-assessments

Ongoing monitoring of performance is in place. The quality of audit work is ensured by the use of an audit manual, ongoing supervision and management of staff and the review of all audit work. Performance targets are set, and actual performance reported to quarterly Governance and Audit Committee meetings.

An external assessment of Flintshire’s Internal Audit Service against the Standards is required every five years. This was last undertaken in September 2022 by the Chief Internal Auditor; Pembrokeshire County Council and the final external assessment report was presented to the Governance and Audit Committee in September 2022. There were no actions identified as part of the external assessment. The next external assessment is due to take place in September 2027.

During 2023/24 a self-assessment was undertaken to ensure continued compliance with the Standards. Continued compliance was reported to Governance and Audit Committee in April 2024. No further actions were identified during this review.

The recent self-assessment and external assessment determines that the Internal Audit Service generally conforms to the Public Sector Internal Audit Standards. This is the highest categorisation of conformance with the Standards. The Internal Audit Service continues to maintain a Quality Assurance Improvement Programme (QAIP). The programme includes the evaluation of the external assessors and self-assessment of Internal Audit Service’s conformance with the Standards and an evaluation of whether internal auditors apply The Institute of Internal Auditor’s Code of Ethics and the QAIP components to ensure continuous improvement. Overall, the external assessment and 2023/34 self-assessment concluded:

Following both the external assessment and previous self-assessment, the Flintshire Internal Audit Service continues to Generally Conform to the Standards. That means that the relevant structures, policies, and procedures for the department, as well as the processes by which they are applied, comply with the requirements of the Standards and of the Code of Ethics in all materials respects.

General Conformance does not require complete / perfect conformance, the ideal situation etc.

1.3 Declaration of Independence

During the year 2023/24, all Auditors have acted with integrity and objectivity and at no point has their independence been compromised. Where declarations of interests are made work is allocated on a basis which ensures a conflict does not exist.

Internal Audit is well positioned within the Council to ensure independence. The Internal Audit, Performance and Risk Manager reports direct to the Chief Officer, Governance and the Council’s Monitoring Officer and has direct access to and meets bimonthly with the Chief Executive and the Leader of the Council.

2. Internal Audit Assurance for 2023/24

2.1 Context

The Internal Audit Service to Flintshire County Council is required to provide the Council (through the Governance and Audit Committee) with an opinion on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control. In giving that opinion it should be noted that assurance can never be absolute. The most that the Internal Audit Service can provide to the Council is a reasonable assurance that there are no major weaknesses in risk management, governance, and control processes.

The matters raised in this report are only those which came to our attention during our Internal Audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

There have been no limitations made on the scope of Internal Audit coverage during the year.

2.2 Resources

During 2023/24 the service lost one Principal Auditor and one Senior Auditor towards the end of the financial year whilst carrying a vacancy for the 12 months. This was to contribute to portfolio efficiency savings.

Overall, there has been sufficient resources within the team to draw a reasonable conclusion on the adequacy and effectiveness of Flintshire County Council’s governance, risk management and internal control arrangements as the internal audit plan was adjusted to reflect the available resources as part of the regular monitoring of the plan.

2.3 Scope of the Audit Opinion

In arriving at this opinion, I have taken into account:

- The results of all internal audits undertaken during the year ended 31 March 2024 (see Appendix B for a summary of audit opinions and number of agreed actions);
- The results of follow-up action taken in respect of audits from previous years;
- The appropriateness of the proposed action by management to address control weaknesses and consequent risks;
- Matters arising from previous reports or other assurance providers to the Governance and Audit Committee and/or Council;
- External assurance from Audit Wales and other regulatory bodies;
- No limitations have been placed on the scope of Internal Audit;

- No resource constraints have been imposed upon us which may have impinged on our ability to meet the full internal audit needs of the organisation; and
- Where weaknesses have been identified appropriate action plans are in place to address those weaknesses and to mitigate risks, however delays have been noted in the implementation of some action.
- During 2023/24, 78 actions were raised and 71* were implemented to date. * Some relate to previous years audit reviews.

2.4 Internal Audit Opinion

For the year ending 31 March 2024, based on the work the Internal Audit Service has undertaken my opinion is that Flintshire County Council has, overall, an adequate and effective framework of governance, risk management and internal control.

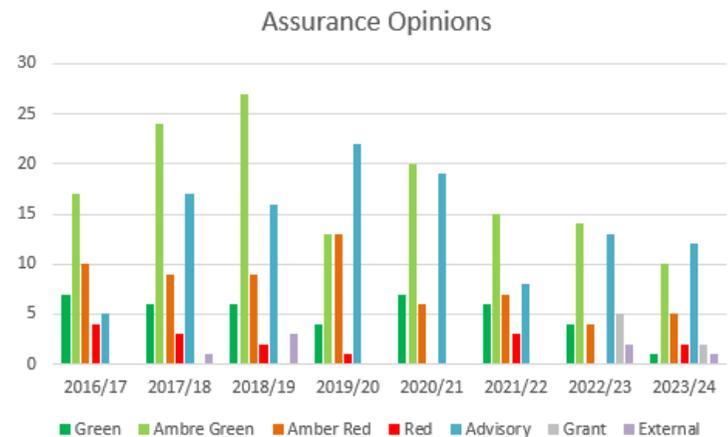
Page 350

During 2023/24 two ‘Red / Limited assurance’ opinions were issued where an urgent system revision was required. The table provides a comparison of the level of individual audit assurances provided.

Whilst the overall assurance opinion remains, it has been noted that there is a reduction in the number of management actions implemented during the financial year to addresses control weaknesses and risks. This has also been noted in the Governance and Audit Committee’s Annual Report for 2022/23. This is largely due to the available resources.

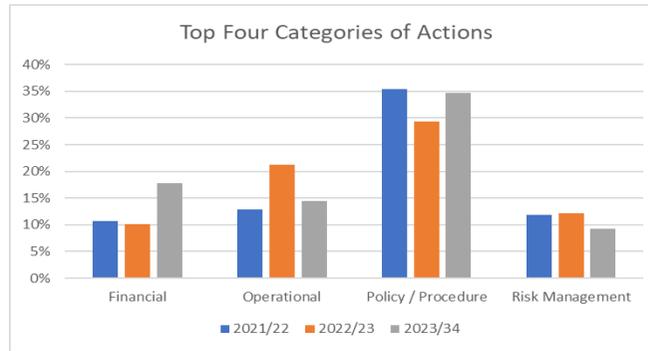
It is important to note that the number of audits completed has reduced to reflect the available resources.

Overall 61% of assurance opinions issued during 2023/24 were either Green or Amber Green providing the Committee assurance that of the audits undertaken this year in the main there are effective arrangements in place for governance, risk management and internal control.



An analysis of the category of actions raised during 2023/24 shows the top four relate to policy / procedures, financial, operational matters and risk management.

From the graph at the side comparing the last three years, during 2023/34 there has been an increase in financial actions raised whilst there has been a decrease in the number of actions relating to risk management and operational matters and a slight decrease in actions relation to policy procedures.



The Basis of the Opinion

In reaching this opinion the following factors were taken into particular consideration:

Corporate Governance

A Corporate Governance Working Group operated during the year and were tasked with updating and co-ordinating the annual governance self-assessment and preparing it in line with the seven principals from the CIPFA/SOLACE guidance on ‘delivering good governance’ in Local Authorities in Wales released in 2016.

The group was chaired by the Internal Audit, Performance and Risk Manager and members included the Democratic Services Manager, Strategic Performance Advisor, IT Business Services Manager, Senior Manager Human Resources and Organisational Development, Customer Contact Manager and a Principal Accountant. The group updated the Council’s Code of Corporate Governance, then prepared and drafted the Annual Governance Statement. The group issued corporate governance self-assessment assurance questionnaires to the Chairs of Overview and Scrutiny Committees and Cabinet and facilitated a challenge.

workshop with members of the Governance and Audit Committee. This process provided an opportunity for senior officers and members to consider the effectiveness of governance arrangements. The group also considered the overall assurance framework. The Annual Governance Statement explains how Flintshire County Council complies with its own Code of Corporate Governance, in line with the seven principles and meets the requirements of the Accounts and Audit (Wales) Regulations 2018. The Annual Governance Statement includes actions to cover:

- Emerging risks and areas for improvement following a review against the Code of Corporate Governance.
- Enhance on the performance already made.
- Strategic risks of the Council.

The Council is subject to external inspections by Audit Wales (AW), Estyn, and Care Inspectorate Wales (CIW). Assessments undertaken by AW are both on a local and national level where the Council may be part of thematic review. Regardless of whether the Council is directly involved, the Council performs a self-assessment against the reports' findings. All actions from external inspections are monitored. During 2023/24 the Council has undergone reviews and received reports from Audit Wales (AW), Care Inspectorate Wales (CIW) and the Information Commissioner Office (ICO):

External Reviews and or Reports Received

- Approaches to achieving net zero across the UK (AW)
- Assurance and Risk Assessment Review (AW)
- Biodiversity Study (AW)
- Cracks in the Foundations – Building Safety in Wales (AW)
- Digital Strategy Review (AW)
- Homelessness Services (AW)
- Information Commissioner's Annual Report 2022-23 (ICO)
- Performance Evaluation Report: Flintshire County Council (CIW)
- Setting of Well-being Objectives (AW)
- Springing Forward (AW)
- Sustainable Development? – Making best use of brownfield land and empty buildings (AW)
- Unscheduled Care: Flow out of Hospital – North Wales Region
- Use of Performance Information: Service User Perspective and Outcomes (AW)

The outcome of these reviews and any national reports are managed in accordance with the External Regulation Reporting Protocol. In April 2024, a summary of all reports, actions and progress against these actions relating to the above reports was presented to Governance and Audit Committee for consideration. Actions have either been implemented or in progress.

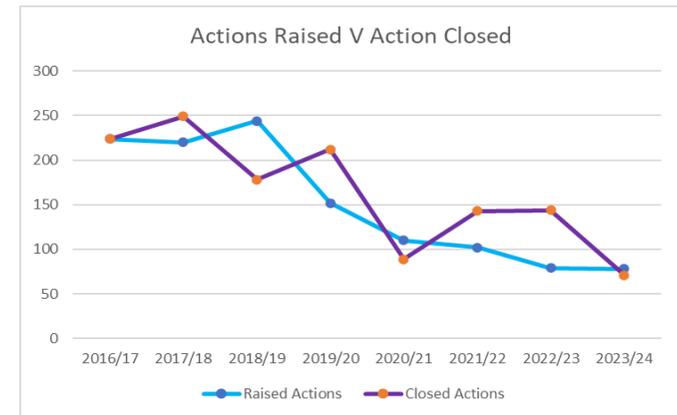
In June 2024, the Annual Audit Summary 2023 (AW) will be presented to Governance and Audit Committee. The report summarises the audit and regulatory work undertaken at the Council by Audit Wales during 2022/23. From the report to be published, the Auditor General give an unqualified true and fair opinion on the Council’s financial statements. In doing it reports:

- The Council’s Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements and our knowledge of the Council.
- There were a number of changes made to the Council’s financial statements arising from the audit work, which were reported to the Governance and Audit Committee in our Audit of Financial Statements Report in April 2024.

Internal Control

Audits were carried out in all areas of the Council during the year. The overall level of internal control found in audit assignments this year was good. 61% of audits resulted in a ‘green’ or ‘amber green’ assurance level. In all cases the findings were reported to the Governance and Audit Committee. During 2023/24, 78 actions were raised to improve the internal control, risk management and governance arrangements across the authority.

During the year a total 71 actions have been implemented. Some of these relate to actions raised in previous years. All actions are monitored and progress reported to Chief Officers monthly and at each Governance and Audit Committee meeting. There has been a reduction in the number of management actions implemented timely during this financial year and this has been a focus of the service and the Governance and Audit Committee. The graph above shows the trend in actions raised and closed. Summary results are given in Appendix B, together with definitions of the assurance levels in Appendix A.



Risk Management

A review of the Risk Management Framework was performed and approved by the Governance and Audit Committee. All risks are now held centrally within InPhase, the Council’s Business Planning, Performance and Risk Management system.

Risks are reviewed and reported monthly to the Chief Officers Team. Specific portfolio risk reports will be shared with the relevant Overview and Scrutiny committees starting in 2024/45.

The Strategic Risks are considered when identifying the audit work for the forthcoming year. My annual opinion is also informed by the number of risk-based audit assignments completed during the year.

Information Governance

Information Governance is a major component to the overall governance framework of the Council. To ensure the Council’s IT infrastructure is secure, IT Services is subject to a number of external inspections, and these are detailed in the table below.

Area of IT Independently Assessed	Independent Assessor	Supporting Information
IT Infrastructure	Public Services Network (PSN)	<p>To assess the Council’s infrastructure, security arrangements, policies and controls to ensure it is meeting the required standard to access the Public Services Network. Public sector information carried across the PSN is rated at ‘OFFICIAL’ under the Government Security Classification Policy (GSC) so assurances must be provided that the Council is sufficiently rigorous in its approach. The compliance process is carried out annually by the Cabinet Office and in line with National Cyber Security Centre (NCSC) best practice and guidance.</p> <p>Looking forward, the Council’s current certification is due to expire in July 2024 and whilst a compliance submission was made to the Cabinet Office in June, based on the annual independent evaluation we commissioned, it has been placed on hold due to the presence of a small number of weaknesses which have yet to be remediated. Whilst the Assessor has praised the significant remediation work already evidenced as an indicator of a positive, secure and focussed approach, compliance approval is dependent on full mitigation. An action plan is in place to resolve required actions during July and August, a timescale driven by 3rd party availability, giving us limited control. There is no immediate impact of a gap in certification and a good level of confidence that timescales will be met.</p>
Information, Processes and Procedures around Financial Systems	Audit Wales (AW)	As part of the annual audit, Audit Wales considers the adequacy of the Council’s security and interfaces with the Council’s financial systems. No actions have been raised following this review.

Page 354

<p>IT Infrastructure</p>	<p>Cyber Essentials Plus (CEP)</p>	<p>It had been the intention of the Council to pursue Cyber Essentials Plus accreditation in September 2022. An independent expert was engaged and worked with the Council to conduct a gap analysis of current state against accreditation requirements. It became clear that there were several technological gaps which would preclude us from achieving the standard at that time. Work to address these gaps have not yet been resourced or scheduled due to competing priorities as well as finite capacity within both IT Infrastructure Services and IT Business Services. Financial investment would also be necessary to address the gaps and secure the accreditation services of an external partner, so progress remains on hold.</p>
<p>Information Security and Technology Infrastructure</p>	<p>Department for Work and Pensions (DWP)</p>	<p>The Department for Work and Pensions (DWP) require the annual signing of a Memorandum of Understanding along with evidence of how we meet mandatory information assurance standards. This covers areas of the Council’s information security controls and technology infrastructure, plus commitments around how the Council’s Benefits service utilise the data and systems made available to them by the DWP via the Public Services Network (PSN).</p> <p>Starting in June 2023 and most recently completed in June 2024, IT Business Services and IT Infrastructure Services have completed an IT review exercise and submitted comprehensive compliance related information to allow Benefits to complete this process. The compliance process was successfully concluded in 2023 and a result is currently awaited for 2024.</p>
<p>Information Management, Street & Address Standards:</p>	<p>Geoplace</p>	<p>Assessment is undertaken of the Council’s address and street data to ensure our population of the National Land and Property Gazetteer meets the required standards. The Council achieved the highest Platinum standard for Address Data and Platinum standard for Street Data in 2022 (previously ‘Gold’) and retained this in 2023 and 2024.</p> <p>An annual assessment of how well we use our address data and unique property reference numbers (UPRN) gave the Council a score of 7.1/10 indicating that we are ‘maintaining a consistent, above-average level of address data utilisation and UPRN integration across the organisation’. The Welsh national average is 6.0/10 and the UK national average is 6.7/10. Our UPRN integration maturity is further assessed at Level 3/5 or ‘Established’ with only 18.9% of UK authorities achieving higher.</p>
<p>Website Accessibility</p>	<p>Government Digital Service (GDS)</p>	<p>All public sector websites must meet Web Content Accessibility Guidelines (WCAG) 2.2 standards. This latest release of the standard was published in October 2023 and the Council’s website meets it.</p>

The gaps identified are not considered to be a particular risk to the organisation and are not raised as part of the Council’s annual independent IT Health Check which facilitates the PSN certification. For example, the reference to infrastructure design approach the Council has always adopted,

and this would need resource allocation and prioritisation to investigate, with a view to changing to an alternative approach. With it not being considered to be a significant threat to the Council’s network, due to pre-existing mitigations and it not having been raised by the different independent cyber experts who have carried out IT Health Check for the Council over the past years, this work has not yet been agreed/scheduled.

CEP is a government backed scheme and as such, the Council wants to support and adopt it. This is something the Council looks for in our suppliers and value when they have it, so the Council would like to hold the same standard. Having it gives assurances to both public sector and commercial partners of our standing in this area. The Council would appear on a register and be able to display the CEP logo. It is not however something that is mandated by Welsh Government nor held by our neighbouring authorities presently.

2.6 Level of Audit Coverage During the Year

The number of reviews / audit work completed and presented to Governance and Audit Committee in each area of the Council is detailed in the table below.

Review Type	High	Medium	Annual / Follow Up	Advisory / Investigations	Near Completion	Total
Corporate	1			1	1	3
Education and Youth	2		4	3	1	10
Governance	1			3	1	5
Housing & Assets	1		1	1	3	6
People and Resources	1	2	3	2		8
Planning, Environment & Economy		1		1	3	5
Social Services	1			1	1	3
Streetscene and Transportation	1			2	2	5
External			1	1	2	4
Total	8	3	9	15	14	49
	35					

The original approved plan contained 54 audits / areas of work to be undertaken (including carry forward work). The plan continued to be reviewed quarterly with Chief Officers and their senior management teams. It was agreed all high priority audits would be undertaken and any new requests for audit assistance would be considered and replace (where applicable) medium priority audits. As a result of reviewing the plan 15 audits were deferred and five identified as no longer relevant and replaced with ten new audits. Any changes to the plan were reported back to Governance and Audit Committee.

Within 2023/24 including carry forward work, 35 audits finalised and presented to the Governance and Audit Committee and at the time of this report. A further 14 are near completion or with management awaiting finalisation. Given the flexibility of the plan and the ability to move reviews based on risk overall the 2023/24 plan was substantially completed.

All the deferred audits were considered during the planning meetings for the 2024/25 to 2026/27 Strategic Audit Plan processes.

2.7 Assurance Levels

The definitions for the assurance levels are given in Appendix A of this report. The tables in Appendix B show the assurance opinions and number of agreed actions made in 2023/24.

2.8 Other Internal Audit Work

In addition to the reviews analysed in Appendix B, we have also carried out the following internal audit work during the year.

Area of Work	Comments
Schools Audits (No.)	4 Individual thematic school audits 38 Returned Control Risk Self-Assessment (CRSA) questionnaires sent to all schools 4 School Fund Audits
Anti-Fraud & Corruption (Days)	7 days - National Fraud Initiative 9 days - Proactive Fraud 34 days - Investigations
Advisory work (Days)	177 days - Advisory work
Grant audits (No.)	1 Grant Audit

2.9 Anti-Fraud and Corruption and Investigations

At the start of the year there were two live investigations. During the year five investigations were completed. All were reviewed and investigated. At the end of the financial year there were no live investigations. Out of the five investigations, four were classed as whistleblowing and one management referral. In total 34 days was spent on investigations. The nature of these investigations is covered in the table below:

Nature of the Investigations	Outcome
Contract Management and Governance Arrangements (WB)	Insufficient evidence within allegation received, however recommendations were made to improve governance and contract management arrangements
Planning and Building Regulations (WB)	Investigated and no case to answer. Evidence showed planning enforcement arrangements were already in place. No further action required
Theft of Petty Cash £412.86 (MR)	Insufficient evidence to investigate. This was the second theft of cash within the same area with an overall value of £2,714.86 lost. Further recommendations made to management for operational improvement. An audit review on petty cash has been included within the 2024/25 plan
Planning Complaint (WB)	Early investigation identified this needed to be treated as a corporate complain rather than a formal investigation. Stage 1 complaint raised on behalf of the resident. No further action required
Hardship Complaint (WB)	Allegations made that the service received from the local authority caused an individual into hardship. Initial investigations confirmed that correct procedures and processes were undertaken. No further action required.

Apart from the theft of petty cash, the remaining four investigations occurred across all portfolios and not concentrated in one specific area.

WB = Whistleblowing MR = Management Referral

2.10 Advisory Work

This includes work that, in some cases, does not result in an audit report and or assurance opinion however adds value to the Authority by contributing to working groups or providing advice. Examples include:

- Advice on GDPR Project Group and Board
- Membership of the Corporate Governance Working Group
- Membership of Accounts Governance Group
- Membership of the Programme Co-ordinating Group
- Membership of the Financial Systems Replacement project
- Membership of the Transformation Board
- Corporate Health & Safety Group
- Corporate Data Protection Group

2.11 Audit of Third Parties

Following the transformation changes of services and the creation of Aura Leisure and Libraries and NEWydd in 2016/17 the Internal Audit Service has an SLA to deliver ten days of internal audit service to these organisations which is reviewed every three years. During 2023/24 both Aura Leisure and Libraries and NEWydd were audited.

2.12 Internal Audit Performance

The performance of the department against performance measures and targets is set out below. Performance against target is reported to each Governance and Audit Committee and is summarised in the table below. Overall, all internal performance targets were achieved or exceeded apart from a slight reduction in completing audits within target, services taking longer to return their agreed actions to reports and respond to questionnaires.

As part of the Welsh Chief Auditors Group benchmarking is undertaken key indicators. Where captured these are recorded within the performance Indicators table on page 15. Overall Flintshire is exceeding the All-Wales average.

Internal Audit Performance Indicators

Performance Measure	Reporting Period				Overall Average Performance 2023/24	Target	All Wales Average
	Qtr 1	Qtr 2	Qtr 3	Qtr 4			
Reported to Committee							
Audits completed within planned time	80%	83%	50%	100%	78%	80%	46%
Average number of days from end of fieldwork to debrief meeting	18	14	16	27	19	20	NBD
Average number of days from debrief meeting to the issue of draft report	5	1	8	0	4	5	4.15
Days for departments to return draft reports	12	13	6	3	9	7	NBD
Average number of days from response to issue of final report	1	2	1	1	1.25	2	2.9
Total days from end of fieldwork to issue of final report	26	26	30	30	28	34	NBD
Productive audit days	74%	82%	76%	79%	78%	75%	NBD
Client questionnaires responses as satisfied	100%	100%	100%	100%	100%	95%	NBD
Return of client satisfaction questionnaires	67%	50%	59%	50%	57%	80%	NBD

NBD = No Benchmarking Data

Levels of Assurance - Standard Audit Reports

Appendix A

The audit opinion is the level of assurance that Internal Audit can give to managements and all other stakeholders on the adequacy and effectiveness of controls within the areas audited. It is assessed following the completion of the audit and is based on the findings from the audit. Progress on the implementation of agreed actions will be monitored. Findings from **Red** assurance audits will be reported to the Governance and Audit Committee.

Level of Assurance	Explanation
<p>Red – Limited</p> 	<p>Urgent system revision required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls are absent or rarely applied • Evidence of (or the potential for) significant financial / other losses • Key management information does not exist • System / process objectives are not being met, or are being met at a significant and unnecessary cost or use of resources. <p>Conclusion: a lack of adequate or effective controls. Follow Up Audit - <30% of actions have been implemented. Unsatisfactory progress has been made on the implementation of high priority actions.</p>
<p>Amber Red – Some</p> 	<p>Significant improvement in control environment required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls exist but fail to address all risks identified and / or are not applied consistently and effectively • Evidence of (or the potential for) financial / other loss • Key management information exists but is unreliable • System / process objectives are not being met, or are being met at an unnecessary cost or use of resources. <p>Conclusion: key controls are generally inadequate or ineffective. Follow Up Audits - 30-50% of actions have been implemented. Any outstanding high priority actions are in the process of being implemented.</p>
<p>Amber Green – Reasonable</p> 	<ul style="list-style-type: none"> • Key controls exist but there are weaknesses and / or inconsistencies in application though no evidence of any significant impact • Some refinement or addition of controls would enhance the control environment • Key objectives could be better achieved with some relatively minor adjustments <p>Conclusion: key controls generally operating effectively. Follow Up Audit: 51-75% of actions have been implemented. All high priority actions have been implemented.</p>
<p>Green – Substantial</p> 	<p>Strong controls in place (all or most of the following)</p> <ul style="list-style-type: none"> • Key controls exist and are applied consistently and effectively • Objectives achieved in a pragmatic and cost effective manner • Compliance with relevant regulations and procedures • Assets safeguarded • Information reliable <p>Conclusion: key controls have been adequately designed and are operating effectively to deliver the key objectives of the system, process, function or service. Follow Up Audit: 75%+ of actions have been implemented. All high priority actions have been implemented.</p>

Categorisation of Actions	Actions are prioritised as High, Medium or Low to reflect our assessment of risk associated with the control weaknesses
Value for Money	The definition of Internal Audit within the Audit Charter includes 'It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper economic, efficient and effective use of resources.' These value for money findings and recommendations are included within audit reports.

Internal Audit Opinions and Recommendations 2023/24

Appendix B

Page 362

Auditable Area	Number of Reports & Audit Opinions						Priority & Number of Agreed Actions			
	Red	Amber -	Amber +	Green	Advisory / Grant - No Opinion Given	In Total *	High	Medium	Low	In Total
Corporate		1			1	2	1	1	2	4
Education and Youth		1	5		3	9	2	16	13	31
Governance		1			3	4	1	2	0	3
Housing & Communities			1		2	3	0	1	1	2
People and Resources		2	2	1	3	8	9	5	7	21
Planning, Environment & Economy			1		1	2	0	1	1	2
Social Services	1				1	2	5	3	0	8
Streetscene and Transportation	1				2	3	2	2	0	4
External			1		1	2	0	1	2	3
Total	2	5	10	1	17	35	20	32	26	78



GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Wednesday, 24 th July 2024
Report Subject	Internal Audit Progress Report
Report Author	Internal Audit, Performance and Risk Manager
Type of Report	Assurance

EXECUTIVE SUMMARY

Internal Audit produces a progress report for the Governance and Audit Committee every quarter. This shows the position of the team against the plan, changes to the plan, final reports issued, action tracking, performance indicators and current investigations. This meets the requirements of the Public Sector Internal Audit Standards and, also enables the Committee to fulfil the Terms of Reference with regards to Internal Audit. The current progress report is attached.

RECOMMENDATIONS

1	To consider and accept the report.
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REPORT DETAILS

1.00	EXPLAINING THE INTERNAL AUDIT PROGRESS REPORT
1.01	Internal Audit gives a progress report to the Governance and Audit Committee every quarter as part of the usual reporting process. The report is divided into several parts.
1.02	The level of audit assurance for standard audit reviews is detailed within Appendix A. All reports finalised since the last committee meeting are shown in Appendix B.
1.03	Appendix C provides an oversight to Governance & Audit Committee on the cumulative assurance for 2024/25; however, it should be noted this will be fluid. A footnote has been included to list those reports issued with a Red / Amber Red assurance opinion.

1.04	<p>Since the last progress report to committee there has been two Amber Red / Some Assurance reports (Health and Safety Risk Management and Climate Change, Environmental Sustainability and ESG). Appendix D details the Amber Red reports. Copies of all final reports are available for members if they wish to see them.</p>																																				
1.05	<p>Appendix E details the Red / Limited assurance report issue since the last committee meeting. This report relates to Recycling Targets. This appendix provides detailed findings, management actions and an update of the subsequent work undertaken by the service to address the issues. The Chief Officer and Service Manager will also provide a further update at Committee.</p>																																				
1.06	<p>The automated tracking of actions is completed using the integrated audit software. All actions are tracked automatically, and the system allows Managers and Chief Officers to monitor their own teams' outstanding actions and confirm they are being implemented.</p> <p>Below is a summary of audit actions tracked since April 2023.</p> <div data-bbox="300 869 1385 1482" data-label="Figure"> <table border="1"> <caption>Audit Action Tracking</caption> <thead> <tr> <th>Category</th> <th>Jun-23</th> <th>Sep-23</th> <th>Jan-24</th> <th>Mar-24</th> <th>Jul-24</th> </tr> </thead> <tbody> <tr> <td>Actions older than 12 months</td> <td>38</td> <td>34</td> <td>41</td> <td>42</td> <td>41</td> </tr> <tr> <td>Medium - Overdue Actions</td> <td>21</td> <td>25</td> <td>37</td> <td>43</td> <td>38</td> </tr> <tr> <td>High - Overdue Actions</td> <td>3</td> <td>5</td> <td>7</td> <td>8</td> <td>9</td> </tr> <tr> <td>Overdue Actions</td> <td>42</td> <td>43</td> <td>68</td> <td>81</td> <td>85</td> </tr> <tr> <td>Live Actions</td> <td>115</td> <td>106</td> <td>111</td> <td>114</td> <td>136</td> </tr> </tbody> </table> </div> <p>Overall, the number of live actions remains relatively constant, however the number of medium overdue actions has decreased during this reporting period. Further analysis of overdue actions is detailed in Appendix F.</p> <p>Following discussions at the Governance and Audit Committee Self-Assessment workshop, Appendix G only shows High priority overdue actions and Appendix H lists those High priority actions that are older than six months from the original due date and not overdue.</p>	Category	Jun-23	Sep-23	Jan-24	Mar-24	Jul-24	Actions older than 12 months	38	34	41	42	41	Medium - Overdue Actions	21	25	37	43	38	High - Overdue Actions	3	5	7	8	9	Overdue Actions	42	43	68	81	85	Live Actions	115	106	111	114	136
Category	Jun-23	Sep-23	Jan-24	Mar-24	Jul-24																																
Actions older than 12 months	38	34	41	42	41																																
Medium - Overdue Actions	21	25	37	43	38																																
High - Overdue Actions	3	5	7	8	9																																
Overdue Actions	42	43	68	81	85																																
Live Actions	115	106	111	114	136																																
1.07	<p>Appendix I shows the status of current investigations into alleged fraud, irregularities or concerns raised. There are no ongoing investigations at the time reporting.</p>																																				
1.08	<p>Appendix J shows the range of performance indicators for the department.</p>																																				

	Performance targets have been affected during this reporting period due to additional time required complete audits and the availability of key officers required for closure meetings based on report findings.
1.09	<p>Appendix K and L shows the current position for the 2023/24 and 2024/25 Audit Plans. The annual plan is a flexible plan and continues to be reviewed on a regular basis and reprioritised to accommodate any new requests for work and/or to respond to emerging issues and available resources.</p> <p>Since the approval of the 2024/25 annual plan there has been one new audit included. This was an external audit of the All-Wales Chief Auditors End of Year Accounts for 2023/24.</p>
2.00	RESOURCE IMPLICATIONS
2.01	Following a successful recruitment campaign the vacancy of Senior Auditor has been filled and pending onboarding clearance the new member of the team will start with Flintshire within a few weeks.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None required.

4.00	RISK MANAGEMENT
4.01	The work of Internal Audit provides assurance to the Council that adequate and effective controls are in place to mitigate risks.

5.00	APPENDICES
5.01	<p>Appendix A Levels of Audit Assurance</p> <p>Appendix B Final Reports Issued</p> <p>Appendix C Audit Assurance Summary 2024/25</p> <p>Appendix D Amber Red Assurance Reports</p> <p>Appendix E Red Assurance Report</p> <p>Appendix F Action Tracking – Portfolio Statistics</p> <p>Appendix G High Overdue Actions (including actions older than 6 months if overdue)</p> <p>Appendix H Actions older than six months from original due date and not overdue</p> <p>Appendix I Investigation Update</p> <p>Appendix J Performance Indicators</p> <p>Appendix K Operational Plan and 2023/24</p> <p>Appendix L Operational Plan and 2024/25</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Contact Officer: Lisa Brownbill, Internal Audit, Performance and Risk Manager</p> <p>Telephone: 01352 702231</p> <p>E-mail: Lisa.brownbill@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>Corporate Governance: the system by which local authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity, and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes.</p> <p>Operational Plan: the annual plan of work for the Internal Audit team.</p>

Flintshire Internal Audit

Progress Report

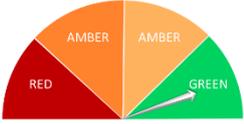


July 2024

Contents

Levels of Audit Assurance – Standard Audit Reports.....	Appendix A
Final Reports Issued Since Last Committee.....	Appendix B
Audit Assurance Summary.....	Appendix C
Amber Red Reports Issued	Appendix D
Red Reports Issued	Appendix E
Action Tracking – Portfolio Statistics.....	Appendix F
High Actions Overdue.....	Appendix G
Actions with a Revised Due Date Six Months Beyond Original Due Date....	Appendix H
Investigation Update.....	Appendix I
Internal Audit Performance Indicators.....	Appendix J
Internal Audit Operational Plan 2023/24.....	Appendix K
Internal Audit Operational Plan 2024/25.....	Appendix L

The audit opinion is the level of assurance that Internal Audit can give to management and all other stakeholders on the adequacy and effectiveness of controls within the area audited. It is assessed following the completion of the audit and is based on the findings from the audit. Progress on the implementation of agreed actions will be monitored. Findings from **Red** assurance audits, and summary findings from Amber Red audits will be reported to the Governance and Audit Committee.

Level of Assurance	Explanation
<p style="text-align: center;">Green – Substantial</p> 	<p>Strong controls in place (all or most of the following)</p> <ul style="list-style-type: none"> • Key controls exist and are applied consistently and effectively • Objectives achieved in a pragmatic and cost effective manner • Compliance with relevant regulations and procedures • Assets safeguarded • Information reliable <p>Conclusion: key controls have been adequately designed and are operating effectively to deliver the key objectives of the system, process, function or service.</p> <p>Follow Up Audit: 85%+ of actions have been implemented. All high priority actions have been implemented.</p>
<p style="text-align: center;">Amber Green – Reasonable</p> 	<p>Key Controls in place but some fine tuning required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls exist but there are weaknesses and / or inconsistencies in application though no evidence of any significant impact • Some refinement or addition of controls would enhance the control environment • Key objectives could be better achieved with some relatively minor adjustments <p>Conclusion: key controls generally operating effectively.</p> <p>Follow Up Audit: 51-85% of actions have been implemented. All high priority actions have been implemented.</p>
<p style="text-align: center;">Amber Red – Some</p> 	<p>Significant improvement in control environment required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls exist but fail to address all risks identified and / or are not applied consistently and effectively • Evidence of (or the potential for) financial / other loss • Key management information exists but is unreliable • System / process objectives are not being met, or are being met at an unnecessary cost or use of resources. <p>Conclusion: key controls are generally inadequate or ineffective.</p> <p>Follow Up Audits - 30-50% of actions have been implemented. Any outstanding high priority actions are in the process of being implemented.</p>
<p style="text-align: center;">Red – Limited</p> 	<p>Urgent system revision required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls are absent or rarely applied • Evidence of (or the potential for) significant financial / other losses • Key management information does not exist • System / process objectives are not being met, or are being met at a significant and unnecessary cost or use of resources. <p>Conclusion: a lack of adequate or effective controls.</p> <p>Follow Up Audit - <30% of actions have been implemented. Unsatisfactory progress has been made on the implementation of high priority actions.</p>
<p>Categorisation of Actions</p>	<p>Actions are prioritised as High, Medium or Low to reflect our assessment of risk associated with the control weaknesses</p>
<p>Value for Money</p>	<p>The definition of Internal Audit within the Audit Charter includes ‘It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper economic, efficient and effective use of resources.’ These value for money findings and recommendations are included within audit reports.</p>

Final Reports Issued

Appendix B

The following reports and advisory work have been finalised since the last Governance and Audit Committee. Action plans are in place to address the weaknesses identified.

Project Reference	Portfolio	Project Description	Audit Type	Level of Assurance	New Actions		
					High	Med	Low
2023/24 Audit Assurance							
18.3-2023/24	E&Y	School Risk Based Thematic Reviews Ysgol Maes Hyfred (Special High)	Risk Based	Amber Green	0	3	2
18.4-2023/24	E&Y	School Risk Based Thematic Reviews Ysgol Pen Coch (Special Primary)	Risk Based	Amber Green	2	3	2
18.1-2023/24	E&Y	School Risk Based Thematic Reviews Ysgol Treffynnon Holywell (High)	Risk Based	Amber Green	0	3	3
17-2023/24	S&T	Recycling Targets	Risk Based	Red	2	2	0
2024/25 Audit Assurance							
18.2-2023/24	E&Y	School Risk Based Thematic Reviews Connahs Quay High School	Risk Based	Amber Green	0	4	2
34-2023/24	PE&E	Income – Fees & Charges	Risk Based	Amber Green	0	2	1
31-2023/24	H&C	Housing Subsidy- Local Authority Error and Delay Overpayment	Risk Based	Amber Green	0	2	0
24-2023/24	S&T	Health and Safety Risk Management	Risk Based	Amber Red	0	5	0
43-2023/24	PE&E	Climate Change, Environmental Sustainability and ESG	Risk Based	Amber Red	2	5	0
N/A	Ext	All Wales Chief Auditors End of Year Accounts 2023/24	New	Advisory	-	-	-
AC 04 2023/24	PE&E	Planning – Prioritisation & Activities (including Enforcement)	Advisory	Advisory	-	-	-

Audit Assurance Summary for 2024/25

Appendix C

Page 371

Portfolio	Number of Reports & Assurance						Priority & Number of Agreed Actions			
	Red	Amber Red	Amber Green	Green	Advisory / Grant - No Opinion Given	In Total	High	Medium	Low	In Total
Corporate										
Education & Youth			1			1	0	4	2	6
Governance										
Housing & Community			1			1	0	2	0	2
People & Resources										
Planning, Environment & Economy		1	1		1	3	2	7	1	10
Social Services										
Streetscene & Transportation		1				1	0	5	0	5
Cross Cutting Portfolio's										
External					1	1				
Total		2	3		2	7	2	18	3	23

Footnote:	
Red Assurance:	
Amber Red Assurance:	H&C - Health and Safety Risk Management; PEE&E - Climate Change, Environmental Sustainability and ESG

Streetscene & Transportation – Health and Safety Risk Management –24–2023/24

Background		
<p>Streetscene and Transportation delivers a number of frontline services which broadly include highway maintenance, waste and recycling collection / disposal, cleansing, street lighting, winter maintenance and grounds maintenance.</p> <p>There are H&S risks associated with the provision of these services which need to be identified and mitigated. Where risks materialise as an accident/ incident or near miss, the cause needs to be established and corrective action implemented to prevent reoccurrence.</p> <p>Whilst the service is responsible for risk management, there is also a corporate system in place which prescribes the way in which accidents are recorded; provides sign off of investigations; and reporting on accident/incident statistics and claim information. Findings have been raised for action by Streetscene in this report. Observations around the corporate system / control framework have been shared informally with the corporate health and safety service team.</p> <p>The audit considered the adequacy and effectiveness of the controls in place within Streetscene to evidence portfolio compliance with the established Health and Safety Policy and reporting process, the diligence of the investigations into all incidents, near misses and accidents, the timeliness and adequacy of the corrective actions taken to prevent re-occurrence as well as the adequacy of the Health and Safety action plan in addressing all know issues. Focus was placed on</p> <ul style="list-style-type: none"> • Management information available to oversee Accidents, Incidents, and Near Misses for the last twelve months; • Adequacy of the established processes to report Accidents, Incidents and Near Misses; • Adequacy and timeliness of investigation completed, and corrective actions identified by management including the revision of risk assessment; • Training provided to Management and Operatives on Health and Safety Procedures and expectations; and • Health and Safety Action plan. 		
Areas Managed Well		
<ul style="list-style-type: none"> • The service uses the Corporate Health and Safety Standard for Accident/Incident Reporting process. • Governance routines have been established across the portfolio to review and discuss Health and Safety matters. • The service uses Corporate Health and Safety Action plans. 		
Findings and Implications	Agreed Action	When
<p>1 (A) Risk Management</p> <p>Streetscene is responsible for the identification and mitigation of H&S risks as part of its operations across the different service areas. In particular, corrective actions should be taken in areas where the risk has materialised. Investigation outcomes including required corrective actions should be clearly documented and evidenced.</p> <p>A review of the portfolio risk register identified:</p> <ul style="list-style-type: none"> • An operational risk ST-OP07 has been captured in the Streetscene and 	<ul style="list-style-type: none"> • Accident and near miss data to be shared with area coordinators and managers to ensure it can be implemented across the service. • Enhanced or additional, Health and Safety qualifications to be attained by managers to allow them to assess H&S risks. Risk training to be provided to supervisors. • Revision of health and safety risks, assessment 	<p>31 Aug 2024</p> <p>30 Nov 2024</p>

Findings and Implications	Agreed Action	When
<p>Transportation Risk Register (30.05.23) which relates to Health and Safety risk. The last risk score submitted showed the risk within the desired state (5 Amber) arising from a rating of a rare likelihood and a catastrophic impact.</p> <ul style="list-style-type: none"> The likelihood of this risk materialising has been rated 'rare' which according to the definition means there is less than 5% chance in the risk occurring or it occurring only in exceptional circumstances. It is unclear how this has been assessed and whether it has been based on the actual data from incidents reported via the Accident Reporting Database. Mitigating actions identified in the risk register shows the maintenance of ISO accreditations, ongoing monitoring and review of all risk assessments and method statements, staff medical monitoring and assessment for high-risk areas, training programmes and performance monitoring as well as ensuring controls are in place to monitor established processes in line with risk assessments. These actions are high level, and we are unable to assess whether these controls are operating as expected. Key risk indicators have not been defined to monitor progress such as the number of accidents, number of days lost due to accidents/incidents/near misses, RIDDOR cases, etc. <p>There is a risk that Health and Safety risks are not sufficiently monitored, assessed, and mitigated to prevent harm to staff and/or members of the public.</p>	<p>controls are adequate, and evidence is available to demonstrate these are working as expected. Service manager to define expectations of one to be shared with management.</p> <p>URN 3621</p>	
<p>2 (A) Policy & Procedure</p> <p>The Streetscene and Transportation Accident Reporting Procedure (Jan 2019) is applicable across all service areas. It should set the service expectations for investigation of accidents / incidents / near misses, identification of corrective action taken and reporting across the portfolio.</p> <p>We reviewed this document and identified the following:</p> <ul style="list-style-type: none"> The procedure provided is out of date and does not reflect the changes made to the corporate reporting process via the hotline number. Timescales for the completion of the reporting activities have not been defined. Investigation process to be followed by supervisor and service manager is not sufficiently detailed including risk factors to consider and review (i.e., CCTV footage, procedural documents, previous incidents for individual, etc.) Corrective actions/outcomes to be taken as a result of the investigation are not captured within the procedure. i.e., further training to individual/ all workforce/ additional controls to be implements such as changes to established processes, different equipment, and PPE, etc. <p>This poses a risk that supervisors and managers will operate inconsistently and with varying levels of knowledge and diligence impacting on the accuracy and effectiveness</p>	<ul style="list-style-type: none"> Weekly meetings already conducted between the Corporate Health and Safety advisor and Service delivery Operational Managers. Coaching to be provided to management and supervisors on how to investigate and the appropriate actions and outcomes to be taken as a result of it. Accident reporting procedure to be updated to reflect current practice. Mobile number introduced for incident reporting. This will assist with the timeliness of the reporting as well as being able to provide evidence i.e. pictures. Corporate Health and Safety advisor will continue to review and sign off all investigations on the database. Following the investigations, lessons learned will be documented and shared with the rest of the service to prevent reoccurrence. <p>URN 3591</p>	<p>31 May 2024</p> <p>31 Jul 2024</p> <p>31 May 2024</p> <p>31 Jul 2024</p>

Findings and Implications	Agreed Action	When
<p>of the investigations, reporting and actions taken to prevent reoccurrence.</p> <p>3 (A) Management Information & Reporting</p> <p>Health and Safety Risks have been considered as part of Risk Assessment and Safe System of Work documents across the service. Working practices have been set up to mitigate the risks highlighted. These were not part of the scope of this audit.</p> <p>Reporting is produced locally by the Streetscene Compliance team monthly and is reviewed and discussed at SMT. Corporate H&S produce broadly the same report on a quarterly basis. These reports should provide first hand assurance that H&S risks across the portfolio are being identified, mitigated and reoccurrence is being prevented.</p> <p>A review of the Streetscene reports has identified the following opportunities for improvement:</p> <ul style="list-style-type: none"> • Reporting is primarily focussed on figures extracted from the accident reporting corporate database. • There is no management information which shows the volume of investigations which have been completed, in progress or that are still outstanding. • Timeliness of investigations is not reported. • Reporting does not highlight corrective actions taken/required as a result of the investigations to prevent re-occurrence. • Action owners and delivery dates is not reported. • Progress of actions recorded in the service H&S action plans are not included in the compliance report to SMT. • There is no information relating to repeated H&S breaches / repeat offenders. • Monthly training figures are not reported consistently. Whilst outstanding training and no shows are reported, these are not linked to accidents either by root cause or by employee. • There is no reporting on number of days lost / increased costs as a result of accidents/near misses. <p>Currently management information is limited particularly in terms of any detailed analysis. This is important to help demonstrate whether H&S risks which have materialised as an accident or near miss have been investigated in a timely manner and whether effective corrective actions have been implemented. Analysis over time helps the portfolio identify effectiveness of actions taken as well as the need for training to continually improve risk mitigations.</p>	<ul style="list-style-type: none"> • Establish reporting requirements through the completion of a reporting process review. Work with IT to understand what information can be extracted from the Corporate H&S database to facilitate reporting. • Process to be introduced to communicate Health and Safety findings with wider workforce. • Introduce management advice document for Health and Safety breaches as a result of investigations. <p>URN 3606</p>	31 Oct 2024
<p>4 (A) Investigation Outcomes and Completeness</p>	<ul style="list-style-type: none"> • Coaching to be provided to management and 	31 Jul 2024

Findings and Implications	Agreed Action	When
<p>Information relating to Accidents/Incidents/ and Near Misses are captured in the Council's Accident Reporting Database. Management information was provided for review to assist with the assessment of the investigations, outcomes and completeness through understanding the root cause of the accident/incident and identifying appropriate actions to prevent re-occurrence.</p> <p>Testing identified inconsistencies in the approach and outcomes of the investigation recorded by managers and supervisors; this may be due to a lack of a detailed procedure (Finding 2). Detailed investigation information was requested as part of the sample test (MH 5/1/23, RC 9/1/23). At the time of drafting the detailed investigation information had not been provided for review by Streetscene. Both cases have been signed off and marked closed in the corporate database.</p> <p>In terms of the investigation results captured by Streetscene in the corporate database we note the following:</p> <ul style="list-style-type: none"> • these are not sufficiently detailed to demonstrate clear identification of the root cause of the accident/near miss. • it is unclear what actions are required to prevent reoccurrence. • it is unclear the required timescales for implementation or whether the action has been implemented. <p>There is a risk investigation into reported accidents and near misses are not thorough to understand root cause and implement remediating actions to prevent re-occurrence.</p>	<p>supervisors on how to investigate and the appropriate actions and outcomes to be taken as a result of it.</p> <ul style="list-style-type: none"> • Accident reporting procedure to be updated to reflect current practice. Mobile number introduced for incident reporting. This will assist with the timeliness of the reporting as well as being able to provide evidence i.e. pictures. • Following the investigations, lessons learned will be documented and shared with the rest of the service to prevent reoccurrence. <p>URN 3609</p>	<p>31 May 2024</p> <p>31 Jul 2024</p>
<p>5 (A) Health and Safety Action Plan</p> <p>A Health and Safety Action Plan is kept by each service manager. A standard corporate template is utilised to record and assess Health and Safety risks. The individual action plans are reviewed quarterly with the Health and Safety advisor and the Chief Officer- Streetscene and Transportation. Legislative updates are reviewed and discussed within SMT.</p> <p>These action plans operate as the risk management tool for the portfolio health and should capture health and safety risks, mitigating controls, and actions identified as required by management.</p> <p>A review of the 4 Health and Safety Action plans has identified the following:</p> <ul style="list-style-type: none"> • 86 risks were captured across the portfolio, over 135 actions identified with actions due by quarters. • There is a lack of traceability between the risks on the Health and Safety Action plans and risks identified as a result of the review of legislative updates. • There is a lack of traceability between the risks on the Health and Safety Action 	<ul style="list-style-type: none"> • Management to speak to corporate health and safety to determine what changes can be made to corporate template to assist with risk management activities. • Best practices to be shared amongst all Streetscene service managers to ensure consistency in approach. <p>URN 3607</p>	<p>31 Aug 2024</p>

Findings and Implications	Agreed Action	When
<p>plans and risks identified as a result of the investigations completed by the service.</p> <ul style="list-style-type: none"> • There is a lack of traceability between the risks on the Health and Safety Action plans and risks identified via the INPHASE service risk registers. • Actions are RAG rated by timescales for delivery (1 month / 3 month/ 6month) however as specific dates are not recorded it is unclear what actions have been implemented and which remain outstanding. For example, Service Delivery risk 3 relates to 'Exposure to uncontrolled hazards attributable to insufficient information in works orders or requests for highways teams.' Actions to mitigate this risk were due to be completed in 3 months; however, the status of the action in section 3 is showing amber for the last two quarters. This should mean the status of the action is red as the action should be overdue given that it has been in the same amber state for the last 2 quarters. • Actions defined as required are not sufficiently detailed to assess whether timescales for completion are adequate and whether they sufficiently mitigate the risks identified. In some cases, the actions are high level and the controls have not been identified; For example, in the case of lone working in the service delivery action plan, the action identified is a 'Full review of working practices to identify lone workers and critically assess the duties to establish the need for additional support or the introduction of technology'. • We noted the same risks across the 4 service action plans however there is no consistency of referencing, or the actions being implemented, i.e. Lone working risking duplication of work and inefficient use of resources. • Progress of actions recorded in the service action plans are not included in the compliance report to SMT. <p>There is a risk the action plans do not help evidence that H&S risks across the service are being identified and mitigated.</p>		

Chief Executives / Planning, Environment & Economy – Climate Change, Environmental Sustainability and ESG– 43 –2023/24

Background

In Dec 2019 Cabinet Members approved a motion to develop a Climate Change Strategy (CCS), setting key aims and actions for creating a net zero carbon organisation by 2030, supporting declarations made by Welsh Government for the Public Sector. The CCS was approved by County Council in February 2022 and focuses on the changes and impacts that can be made directly by the Council to reduce its own emissions and those of the wider community.

The Council Plan 2021-2023 is driven by six key themes which support our Environmental, Social and Governance ambitions (ESG). These are Poverty; Affordable and Accessible Housing; Green Society and Environment; Economy; Personal and Community Well-Being, and Education & Skills). The Council also supports the delivery of social value through procurement activity and contract management.

The CCS is delivered as a programme of activities coordinated and managed centrally with the input and involvement of Council service areas and external partners. Five Themed Climate Change action plans (CCAP) have been established to capture and monitor progress of actions identified to achieve agreed objectives. Governance and reporting structures have been developed to ensure appropriate progress is made in the delivery of the CCS.

Carbon reporting requirements and data collection methodologies have been developed by Welsh Government and implemented by the Council to measure progress against our net zero target. Carbon reporting also drives funding bids for 'green finance' for those projects which support net zero, environmental sustainability and resilient growth ambitions. In addition, treasury management investment policy is driven by ESG and sustainable investment considerations.

CCS delivery update and carbon emission reduction is reported yearly to Cabinet. The latest carbon emissions update report 2022/23 presented in November 2023 included the following reduction figures as shown in the table below.

Theme	Baseline tCO ₂ e	Actual Reduction tCO ₂ e	Targeted Reduction	
	2018/19	2022/23	2024/25	2029/30
Buildings	10,747	7,827.6 (27.8%)	35%	60%
Mobility & Transport	6,716	5,517 (17.9%)	50%	80%
Procurement	28,970	18984 (34.5%)	30%	60%

Current performance suggests there is a large amount of work to achieve the 2024/25 and 2029/30 targets, primarily for the Mobility and Transport as well as the Buildings themes. Recent changes in the data gathering methodology for Procurement figures will also require the revision of the baseline figure for the Procurement theme to assist with establishing new targets.

Detailed carbon reductions vs. yearly agreed targets can be observed in the table below. Source of the data is the FCC Carbon Tracker V1. This is the most up to date information provided at the time of the review.

Progress to 2030 (tCO ₂ e)						
	Buildings (tCO ₂ e)		Transport (tCO ₂ e)		Supply Chain (tCO ₂ e)	
	Actual	Target	Actual	Target	Actual	Target
Baseline (2018/19)	10747	10747	6716	6716	28970	28970
2019/20	10262	10102	6373	6179	29227	27521
2020/21	9971	9457	5479	5642	25366	26073
2021/22	8543	8812	5504	5104	32446	24624
2022/23	7828	8168	5517	4567	18984	23176
2023/24	0	7523	0	4030	0	21727
2024/25	0	6986	0	3358	0	20279
2025/26	0	6448	0	2888	0	18541
2026/27	0	5911	0	2418	0	16803
2027/28	0	5373	0	1948	0	15064
2028/29	0	4836	0	1478	0	13326
2029/30	0	4299	0	1343	0	11588

Effective programme and project management is key in enabling the Council to prioritise activities and funding requirements to achieve its strategic objectives by 2030. Actions required need to be clear and precise, and reporting sufficiently detailed to identify where these actions have not been achieved, and the impact of this on the CCS. A review of the CCS is due to take place in 2024/25.

The review focused on the adequacy and effectiveness of the controls in place to oversee programme delivery in line with the objectives set out in the CCS.

Carbon emission data collection and baseline figures were not validated as part of the audit testing. Management advised the Council were part of the Welsh Government pilot in 2018/19 who helped develop the methodology for carbon reduction figures. Data generated at the time for each area is kept and this information has been checked by the Programme Manager- Climate Change and Carbon Reduction against the figures in the carbon reduction tracker utilised to oversee performance. A peer review process is in place. This external quality assurance process has raised a couple data quality issues. The Programme Manager- Climate Change and Carbon Reduction has advised this was due to the loss of staff knowledge and records. Management is reviewing this process to strengthen recording of data for future years in line with the new legislation.

Areas Managed Well

- The CCS has been devised to set out the key aims for the Council in its achievement of Net Carbon Zero by 2030. This has been approved by Cabinet.
- Carbon emission reduction targets have been established for year on year for Buildings, Transport and Supply Chain themes to assist with measuring progress.
- Baseline figures have been established to base the reductions upon. An internal quality control process has been introduced to oversee the accuracy of the annual submission to WG. Denbighshire County Council also conducts a peer review of the data and calculations prior to submission in line with best practice.
- Theme working groups have been formed to work on individual CCP themes and activities.
- Yearly programme updates have been submitted to Cabinet to advise on programme progress.
- Reporting to the public around climate change initiatives is open and transparent.

Priority	Findings and Implications	Management Responses & Agreed Action	When
1 (R)	Strategic Programme Management An overall Climate Change Strategic Programme is not in place. Instead, the Climate Change Strategy (CCS) is to be delivered via completion of five Climate Change Action Plans (CCAP) around Buildings, Mobility &	<ul style="list-style-type: none"> • CCAP update to carbon reductions and interdependencies 	30 Sep 2024

Priority	Findings and Implications	Management Responses & Agreed Action	When
	<p>Transport, Procurement, Land Use and Behaviour. This project focussed approach can impact on effective programme scrutiny and oversight.</p> <p>Testing identified the following:</p> <ul style="list-style-type: none"> As identified in the CCS, there is a known gap of approximately 40% between all actions across the five CCAPs and the Council reaching net-zero emissions by 2030. We are unable to evidence where or the proportion by which this gap manifests in each CCAP. We are unable to evidence any interdependencies of the five CCAPs to secure the strategic target. 17 other council strategies have been identified in the CCS with climate change ambitions. However, we are unable to evidence where these actions which relate to other strategies, but which may impact on this strategic programme, are reflected within the five CCAPs. Testing also identified there is a lack of strategic controls in relation to Budget Management and Funding; Risk Management; and Governance and Reporting which support strong programme management. Specific detailed findings are captured in findings 2, 4, 6 and 7 below. <p><u>Risk Identified</u></p> <ul style="list-style-type: none"> Ineffective programme management controls may lead to delays in delivery, objectives not being met and/or delivering objectives at an increased cost. Budget Management and Funding; Risk Management; and Governance and reporting frameworks in place around climate change and other ESG priorities are not sufficiently robust. 	<p>between the various plans.</p> <ul style="list-style-type: none"> Climate Change Strategy currently under review (12 months). Data review to ensure carbon reduction ambitions are realistic and agreed targets are achievable. <p>URN 3627</p>	<p>31 Mar 2025</p> <p>31 Mar 2025</p>
2 (R)	<p>Strategic Funding / Project Costs / Budget Monitoring</p> <p>A climate change strategic budget has not been defined or agreed to identify the level of expenditure required to meet strategic objectives. This is important to ensure all actions have been costed, are financially viable and represent a good return on investment.</p> <p>Testing identified:</p> <ul style="list-style-type: none"> The Audit Wales report July 2023 raised a similar finding. High level costings have been established for a small number of activities in two of the five CCPs (Buildings Theme £66m & Transport Theme £1m) to address the findings from the Audit Wales report. Management have not been able to provide the assumptions underpinning these figures and we therefore cannot provide assurance these estimates are accurate nor that the level of carbon reduction to be achieved as a result of this spend is an effective use of resource. These high-level costs were taken to the Environment and Economy Overview and Scrutiny Committee on 5th March 2024. Minutes show 'that the outcome of the Audit Wales report and support action being taken to address its recommendation be noted'. Management advised some of the costings were included as a budget pressure in the latest MTFS (Capital and Streetscene & Transportation). We reviewed this specifically: <ul style="list-style-type: none"> The method statement provided was dated May 2023 with a pressure of £1.9728m submitted. The figure included in the response to Audit Wales of £1m for the costs of the ULEVs is the lower end of the scale listed in the method statement (£1-£2.857m). An assumption was documented stating the fleet contract would fund the replacement of existing 	<ul style="list-style-type: none"> Pembrokeshire County Council calculator was used as the high-level costing tool for buildings. Transport costing was provided by management. Management satisfied costings are accurate as far as they could be, and these will be updated as and when. Nil further action to be taken. <p>URN3625</p>	N/A

Priority	Findings and Implications	Management Responses & Agreed Action	When
	<p>vehicles with ULEVs over the 7-year contract period rather than being funded through external capital grant funding. It is now known that the extension to the fleet contract is no longer a viable solution. It is unclear how the transition of the fleet vehicles to ULEVs will be funded. We are unable to evidence this is sufficiently reflected in the CCAP.</p> <p><u>Risks Identified</u></p> <ul style="list-style-type: none"> • There is a risk programme costs are not fully understood leading to actions included in the CCAP not being delivered due to insufficient funds, ultimately impacting on the achievement of the CCS. • Failure to adequately identify costs at the outset means resources may be wasted in pursuing activities which deliver little reduction in carbon emissions or doing so at increased cost. 		
3 (A)	<p>Green Finance/ Sustainable Investment</p> <p>We tested to evidence that Green Finance / Sustainable investment is adequately considered in Finance and Treasury Management borrowing and investment decision making and support the Council's environmental objectives.</p> <p>Testing identified:</p> <ul style="list-style-type: none"> • The Strategic Finance manager advised the Council invests based on their approved counterpart list which is provided by the Council's Treasury Advisors Arlingclose. At the time of testing, a review of the UK Counterparty List for Professional Clients December 2023 provided does not make any reference to green finance/sustainable investment. • Salix Finance provide interest-free Government funding to the public sector to improve energy efficiency, reduce carbon emissions and lower energy bills. Five loans have been secured (total £4.998m) to deliver on a number of green projects. The monitoring of the conditions of these loans is completed by the energy team. Whilst management have advised Salix loans are for CCBu3 and CCBu4, this information is not documented on the CCAP. • A number of other funding sources may be utilised to fund other strategic activities across the Council to deliver the CCS. However, as these have not been documented on the CCAP, we are unable to assess which these relate to or whether any risk to CCS is materialising should the loan conditions not be met. • We are unable to evidence how the Council considers green finance/ sustainable investments as part of their Treasury Management borrowing and investment decision making. The Treasury Management Strategy 2023/24 advises 'the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level.' It stipulates the Council will prioritise banks that are signatories to the UN principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code'. <p><u>Risk Identified</u></p> <ul style="list-style-type: none"> • Green finance / sustainable investment may not be adequately considered in Finance and Treasury Management borrowing and investment decision making. 	<ul style="list-style-type: none"> • Investment update has been provided by Arlingclose in April 2024 - ESG Initiative Signatories. • Treasury Management Strategy 2025/26 to include reference to Green Finance and be presented for approval to Governance and Audit Committee in January 2025. <p>URN3640</p>	31 Jan 2025

Priority	Findings and Implications	Management Responses & Agreed Action	When
4 (A)	<p>Governance - Member Oversight and Challenge</p> <p>CCS report and Carbon Emissions update reports are presented to Cabinet and Planning, Environment and Economy overview and Scrutiny Committee, and Climate Change Committee annually as part of the established programme governance.</p> <p>We reviewed these and testing identified the following:</p> <ul style="list-style-type: none"> • Climate Change Committee terms of reference require the Committee to oversee the delivery of the CCAP, however we are unable to evidence via the meeting reports or minutes how this role is being discharged. • Since the inception of the Committee in November 2022, there has only been one update on the CCAP progress (March 2023). We are unable to evidence committee challenge of the progress of each CCAP. • Carbon Emissions update report and the accompanying appendices do not sufficiently highlight progress made against CCS original objectives, budget and delivery timescales to understand whether the Councils' strategic objectives will be achieved. • Although carbon reductions at theme level are being reported to cabinet, it is unclear which planned activities have led to the reduction and whether this is in line with assumptions. This is especially important where targets have yet to be met. • The most recent reduction figures 22/23 (illustrated in the table Page 2) show significant progress is required to meet the agreed carbon reduction targets with only six years remaining to the 2029/30. • We completed a year-on-year analysis (Appendix B). <ul style="list-style-type: none"> ○ Mobility and Transport requires a 17% average year on year reduction to achieve agreed target. To date it has demonstrated an average of 5% reduction year on year since the baseline was established in 2018/19. ○ Buildings requires a 9% year on year reduction; to date, it has demonstrated an average of 8% reduction year on year since the baseline was established. ○ Targets for supply chain require adjustment to the baseline due to the change in methodology for this area. ○ It is difficult to see in the associated CCAPs how the above will be achieved, particularly at an accelerated pace given the approaching due date of 2030. • It is unclear how the performance and risk information within the committee reports support effective scrutiny and challenge of programme/project delivery and risk mitigation. Further information relating to this can be found in the risk management finding 6. <p><u>Risks Identified</u></p> <ul style="list-style-type: none"> • Governance and reporting frameworks in place around climate change and other ESG priorities are not sufficiently robust. • There is a risk lack of clarity as to role of the Climate Change Committee in relation to CCAP oversight and delivery. This may result in poor programme governance. 	<ul style="list-style-type: none"> • Audit report to be presented at June Climate Change Committee and discussion to be had in relation to changes required to address the risks identified in the finding. • Following the June Climate Change Committee discussion, a full review of the TOR for Climate Change Committee to be complete. <p>URN 3628</p>	<p>30 Jun 2024 (complete: presented to CCC 25/06/24)</p> <p>30 Sep 2024 Agreed at CCC that TOR to be reviewed at Sept 2024 committee</p>

Priority	Findings and Implications	Management Responses & Agreed Action	When
5 (A)	<p>Effectiveness of 5 x Themed Climate Change Action Plans (CCAP) Effective project management requires clarity of output to be achieved; what has / has not been achieved and what corrective action will be taken to bring the project back on track. Here the CCS is delivered via the five CCAPs.</p> <p>Testing identified the following:</p> <ul style="list-style-type: none"> • SMART actions which support strategic goals and key deliverables to enable effective tracking and reporting against objectives at operational / scrutiny and strategic levels are not consistently in place. • Clear and measurable start and end dates, with key milestones are not consistently in place. • 14% of actions did not have an update at the 22/23 action progress report dated November 2023. • CCAP do not consistently show which actions have been completed, are in progress, or are yet to start. Next steps are not sufficiently detailed to assess their adequacy in helping bridge the gap between current performance and achieve Net Zero Carbon by 2030. • Interdependencies between CCAP have not been identified/highlighted to assist with understanding impact of delays or non-achievement of activities on wider programme objectives • A number of actions within the CCAP are not in the project delivery teams gift to deliver. The most recent updates also suggest that some of the actions may no longer be viable and the impact of this on the overall programme target has not been quantified/escalated as part of dynamic project management. <p>To evaluate whether CCAP are sufficient to help the Council deliver on targets, we further analysed the Mobility and Transport CCAP as it is currently the furthest behind agreed targets.</p> <p>We would note the following:</p> <ul style="list-style-type: none"> • Four of the 13 actions (31%) within the plan do not have any carbon reduction assumptions associated with them. • Eight of the 13 actions (61.5%) do not have end delivery dates. • Risk RAG ratings assigned to actions range from a 1 green (negligible impact, rare likelihood) to a 4 yellow (major impact, rare likelihood). • We cannot quantify the RAG ratings assigned to these actions and this impacts on the accuracy of the risk tone provided to Committee. • When added together the actions do not meet the 5373 tCO₂e target reduction required. Currently there is a shortage of 2163tCO₂e and this would further increase to 2952tCO₂e if the technology for HGVs is not available in 2027 to assist with the delivery of CCM6. • Although CCM1 has a carbon reduction figure of 2268tCO₂e associated with the action in the CCAP, management have advised no reduction will be observed from the completion of this action. Instead, this represents the 80% theme target reduction as the review of the fleet policy lays the foundation for vehicle use. • CCM1, was due to be completed by April 2023. The most recent update (22/1/24) shows 'No progress as yet. This is awaiting the options review of operational sites. No timescales as yet for the studies.' The RAG 	<ul style="list-style-type: none"> • Discussion/agreement at COT regarding the need of officers to attend Climate Change meetings and updating respective CCAP. • Quarterly CCAP updates to COT to provide senior management oversight of programme progress and deliverables. • Utilisation of InPhase Project Management module to assist with timely update of action plan delivery progress and tracking of delivery risks. <p>URN 3624</p>	<p>31 Jul 2024 On COT agenda for 30/07/24</p> <p>31 Jul 2024 On COT agenda for 30/07/24</p> <p>31 May 2025</p>

Priority	Findings and Implications	Management Responses & Agreed Action	When
	<p>rating in the new working group progress tracker is a green 1 which has a negligible impact and a rare likelihood.</p> <ul style="list-style-type: none"> The highest carbon reduction action CCM5 (1137 tCO2e) was due to have started this year. Update states 'not much movement and it is awaiting a feasibility report to understand infrastructure. Again, the RAG rating assigned to this action is a green 1 which has a negligible impact and a rare likelihood. The second highest carbon reduction action, CCM6 (789tCO2e) is not due to start until 2027. Actions and updates to assess progress are not sufficiently detailed. For example, CCM4- 'Introduce electric vehicles into the recycling fleet', the update states the vehicles are on site and available for service. It is unclear how many vehicles are required to meet the designated reduction (549 tCO2e) and whether all have been introduced. A number of activities within the plan are outside of the project groups direct control. For example, 'CM13-work with partners to enable greener fleet in the public transport sector (buses, rail, taxis) including Council contracted services such as school transport'. The way in which the CCAP is structured makes it difficult to evidence that resource has been prioritised to deliver activities which will result in the highest carbon reduction, demonstrate value for money. <p><u>Risk Identified</u></p> <ul style="list-style-type: none"> Based on the current level of information within the five CCAPs, continued use may not enable the Council to drive and support the achievement of the strategic programme target of a net zero carbon Council by 2030 on time and on budget, this is particularly important where targets are not achieved / progress is stalled. 		
6 (A)	<p>Risk Management</p> <p>A climate change strategic risk register is not in place to capture, and impact assess all programme delivery risks as well as identify mitigating actions and appropriate escalation from lack of progress at project level. Instead, three strategic risks (RPE11, RPE36, RPE37) and one project risk (RST65) relating to the CCS have been raised in InPhase. Prior to capturing risks on the InPhase system, risks were reviewed as part of Senior Management Team Meetings. We reviewed both.</p> <p>Testing identified the following:</p> <ul style="list-style-type: none"> All strategic risks (RPE11, RPE36, RPE37) were outside of target risk score. Whilst an overall risk update had been provided, all reported nil progress in relation to the mitigating actions identified. It is unclear how the progress of CCAP delivery (complete / in progress / not started) and their associated risks have been reflected in the strategic risks scoring on InPhase. We are unclear as to the point and nature of any escalation as well as the adequacy of the mitigating actions given these risks have been outside of target risk for some time. <p>We sample tested RST65 in terms of reliability of risk score.</p> <ul style="list-style-type: none"> An amber risk rating (possible likelihood and moderate impact) has been assigned to this risk as of 	<ul style="list-style-type: none"> Explore InPhase as a tool to oversee programme/project delivery and associated risks. This will form the basis for performance and risk management reporting to all relevant governance forums. Workshops to be held to identify delivery risks and facilitate mitigation. <p>URN 3690</p>	<p>31 May 2025</p> <p>31 Jul 2024</p> <p>Officer working group workshops have taken place and each themed action plan now contains a separate risk</p>

Priority	Findings and Implications	Management Responses & Agreed Action	When
	<p><u>Risk Identified</u></p> <ul style="list-style-type: none"> In the absence of a coordinated process there is a risk CCS programme management are not aware of the positive or negative delivery progress of other Council strategies with climate ambitions which may impact of on the overall achievement of CCS. 	<p>change. URN3691</p>	

Streetscene and Transportation – Recycling Targets – 17-2023/24

Audit Background					
<p>The Welsh Government (WG) has set statutory recycling targets for local authorities to achieve on an annual basis. Failure to achieve these targets could result in the Council receiving an infraction fine. The fine is based on waste tonnage recycled against total waste tonnage collected. Any shortfall is charged at a rate of £200 per tonne. It is within the remit of WG to levy the fine.</p> <p>The service is responsible for managing waste collection, including the monitoring and reporting of recycling data. The service met the recycling target for 18/19 and 19/20 but has failed to achieve the ongoing targets since then and indications show that the current years target will also not be met. The target is due to increase in 24/25.</p>					
Year	FCC recycling	WG target	Recycling tonnage shortfall	WG Infraction fine	Comment
2018/19	69.16%	64%		-	
2019/20	65.85%	64%		-	
2020/21	63.98%	64%	17	£3,400	Fine not enforced
2021/22	60.08%	64%	3,314	£662,800	Enforcement fine to be determined
2022/23	61.51%	64%	1,784	£356,766	Enforcement fine to be determined
2023/24	Q1 66.59%	64%			66.59% but likely to reduce
2024/25		70%			
<p>The action taken to mitigate the risks against the achievement of target is shown in a range of ways.</p> <ol style="list-style-type: none"> 1. Risk register 2. Operational performance monitoring 3. Medium Term Financial Strategy 4. March 2023 action plan to try and increase the Council's recycling levels. <p>The audit review sought to establish the effectiveness of risk management by the service in achieving the national targets set. Focus was placed on the adequacy of the controls in place / actions proposed to address the gap between current performance and target as well as the robustness of recycling data and operating model.</p>					
Areas Managed Well					
<ul style="list-style-type: none"> • Controls are in place for the collection of recycling across the County. • There is a clear process in place for validating recycling data for Welsh Government to ensure data is robust and reliable. 					

Priority	Findings and Implications	Management Responses & Agreed Action	When
1 (R)	<p><u>ACTION PLAN DOES NOT ALIGN WITH RISK MITIGATION</u></p> <p>The Welsh Government Waste Strategy (Beyond Recycling 2021) set statutory targets for all local authorities to achieve a minimum of 70% of all waste to be recycled by 24/25.</p> <p>The outturn performance for Flintshire Council for 21/22 was 60.08% and 61.51% for 22/23. The expected target at this point was to achieve 64% which the Council failed to meet. The Minister is still yet to determine if a fine (total £1M) will be levied against the Council for a failure to meet these targets.</p> <p>In January 2023, a Waste Strategy review report was presented to Cabinet and a decision was taken to run a pilot scheme for 3 weekly collections in one area of the county. This decision was called in by other Members as concerns were raised over costs of the scheme, data integrity and benefits to changing the process. This resulted in the scheme not being conducted.</p> <p>An initial action plan (March 2023) was produced by the service at the request of the Minister in response to failing to achieve the statutory recycling targets in 2021/22. The plan was shared with Welsh Government for approval, however in June 2023, the Minister informed the Council that they could not support the plan as it was felt that the proposed changes would not provide sufficient assurances that performance would be improved to achieve 70% by 24/25.</p> <p>We reviewed the action plan (16 actions) and would highlight the following:</p> <ul style="list-style-type: none"> • The plan contained a number of actions (12) that could potentially increase recycling collection rates and estimates were included for 6 actions (11-16%) with the monitoring of tonnages contributing an expected 7-12% increase. • However, none of these actions have been implemented as the action plan was not approved. • Work had commenced on 3 actions (additional Recycling, Compliance and Data Officers, WRAP support and an Environmental Improvement Co-ordinator), however it is unknown what impact these will have on recycling rates. • The plan included 4 actions which would have no impact on these recycling rates and focussed more on service improvement, for example, the supply of body cameras, handheld devices and RFID tags for garden waste. These actions have been completed. • 10 actions required additional funding for 2023/24 totalling in the region of £1.3M investment (£933K WG and £395K FCC). This was based on: <ul style="list-style-type: none"> ○ grant funding (£500K), ○ increased income via improved tonnages (£125K), ○ Cost of 10 additional Engagement Officers (£433K), ○ Cost of 5 Enforcement Officers (£200K), 	<p>The work with Local Partnerships and WRAP has concluded on the Waste Strategy review and this has resulted in a new Resource and Waste Strategy being approved by Cabinet and adopted in March 2024.</p> <p>The Strategy includes five key priorities. In priority two, once action is to restrict the amount of residual waste that residents can dispose of in the black bin to encourage greater recycling by all residents either by reducing the frequency of collections or the capacity of the bin. This action is fundamental in achieving the statutory recycling target of 70%.</p> <p>Modelling data to support this action will be included in an operational report outlining what benefit a transition to this style of collection model would bring. This will indicate that a reduction to the capacity of residual waste collected is a key risk mitigation action.</p> <p>This Operational Report will be presented to Cabinet in June 2024 for consideration and approval.</p> <p>URN 03582</p>	30/06/2024

	<ul style="list-style-type: none"> ○ Cost of 1 Improvement Co-ordinator (£50K). ● To date, funding has been identified for 3 additional Engagement Officers and the Improvement Co-ordinator. No other funding has been obtained. <p>Our review considered that these actions are now unrealistic given the current financial challenges the Council is facing.</p> <p>It should be noted that service is working with Local Partnerships and the Waste and Resources Action Programme (WRAP) to develop the Resource and Waste Strategy with clear and evidenced based actions. This is currently out to public consultation (December 23 – January 24) before a report is presented to Cabinet and the Minister in March 2024 for approval. Considerable reliance has been placed on the actions which WRAP may recommend and that these actions will need to be approved by Cabinet. (see #2).</p> <p>The risk is that this review has not been able to identify any interim risk mitigations which have been put in place to increase recycling collection rates. As a result, the risk of non-achievement of target is likely to materialise and a fine may be levied. This fine could be in the region of £1.2M for 2024/25 if current recycling levels remain constant.</p>		
2 (R)	<p><u>APPROVAL & DECISION MAKING DOES NOT ALIGN WITH RISK MITIGATION</u></p> <p>The service is trying to mitigate against non-achievement of a statutory target; however, the Chief Officer cannot make unilateral decisions regarding what actions to take as these are policy decisions which require member approval.</p> <p>Member approval will require clear, accurate and a reliable presentation of information to inform risk management decisions to be taken.</p> <p>The service has provided communication to Cabinet, Council Members, the Welsh Government Minister, Local Partnerships and WRAP including progress on achieving recycling targets.</p> <p>In particular the service has delivered workshops and produced information for the Cabinet ‘Called In’ report in January 2023. A review of this information identified the service has presented a comprehensive range of options, including current tonnage levels and potential financial consequences of the fine. However, none of the options outlined in the Called In report were approved by Cabinet which is reflected in the original action plan, and which has driven service activity thus far.</p> <p>Actions which were approved i.e. education on recycling are actions which will take time to embed. The officers have only recently been recruited and have yet to commence employment in the new roles. There is a risk that the service has insufficient time to see the benefits of these actions reflected in improved tonnages by the end of 23/24.</p> <p>Data is showing that recycling collection tonnages are not improving, and residual waste tonnages are increasing. The service recognises and has highlighted that quarterly figures</p>	<p>Restricting the amount of residual waste collected is a key risk mitigation action. We are unable to deliver this without political approval and will present the Operational report on this basis.</p> <p>In March 2024, the Minister for Climate change wrote to the Leader of the Council requesting assurance that the Council was committed to implementing residual waste restrictions. Without political commitment the infraction fine (2021/22) still remains a possibility.</p> <p>URN 03601</p>	30/06/2024

	<p>can mask the overall view due to variations in collection rates at different times of the year i.e. garden waste during summer months.</p> <p>It is unlikely that the service will achieve the 23/24 recycling target of 64%. A revised strategy and action plan is being developed and is being consulted upon. This will require approval from Cabinet prior to obtaining Welsh Government approval. It is likely that the revised plan will contain difficult and challenging actions, some of which may have previously failed to gain approval.</p> <p>Current reporting has provided useful information for consideration when making decisions, however, there remains a risk that decision makers do not specifically identify those changes / actions which are critical to mitigating the risk and those which may be supportive / provide some improvement.</p> <p>There is a risk that Members decisions on whether to approve or not the actions suggested in the new action plan is not seen as fundamental to mitigating the risk of non-compliance with recycling targets. This has a significant bearing on the service's ability to manage this risk and could result in financial penalties being placed on the Council.</p>		
3 (A)	<p><u>RISK REGISTER DOES NOT ALIGN WITH RISK MITIGATION</u></p> <p>The Corporate Risk Register identifies risks in place in relation to waste recycling.</p> <ul style="list-style-type: none"> • RST07 - Inability to achieve national recycling targets due to increased residual waste tonnages collected. <ul style="list-style-type: none"> ○ Strategic Red Risk, current score of 12, target score of 2. ○ Our review suggests that it is expected that continued non-compliance will remain into 2024/25 as the service will not achieve expected target. • RST12 – Lack of responsiveness to industry or market changes e.g. recycling income leading to financial budget pressures <ul style="list-style-type: none"> ○ Operational Green Risk, current risk score 2, target score 2. ○ Our review agrees that recycling income is monitored on a regular basis and data is well controlled. ○ However, the levels of income collected could impact on this risk score. • RST43 - Inability to influence public behaviours and habits which negatively impacts service delivery and income streams. <ul style="list-style-type: none"> ○ Operational Amber Risk, current risk score 9, target score 4. ○ This risk has yet to be addressed. Actions have been included within the draft action plan but have yet to be fully delivered. <p>Risk RST07 is a strategic risk and in line with the risk management framework escalation depends on the worsening of risk score which currently is scored at 12. COT have oversight of all strategic risks.</p> <p>This risk is that additional mitigations have not been put in place; significant reliance is being place on the delivery of a new action plan and its subsequent approval as being sufficient for the mitigation of this risk.</p>	<p>The key strategic risk is RST07 - Inability to achieve national recycling targets due to increased residual waste tonnages collected.</p> <p>We have referred to this risk within the Resource and Waste Strategy Scrutiny and Cabinet reports. The operational report will identify the actions we intend to take to mitigate this risk which is currently out of tolerance.</p> <p>We will highlight that without taking the key mitigating risk action (restricting residual waste capacity), our ability to bring the risk back into tolerance to avoid the infraction fine will be limited.</p> <p>URN 03588</p>	30/06/2024

4 (A)

MEDIUM TERM FINANCIAL STATEMENT DOES NOT ALIGN WITH RISK MITIGATION

The MTFs statements produced in advance for 23/24 identified a number of proposed efficiencies which could be achieved by the service. Some of these efficiencies relate to changing the approach to collection of waste and levels of recycling.

The data below is as was presented within the MTFs statements.

- Charge for assisted waste and recycling collections (+£20K);
- Charge for Disposals on waste streams (+£TBC);
- Charges for replacement containers (+£20K-£120K);
- Compost Charges at HRC's (+£TBC);
- Enforcements for recycling in residual waste bins (+£50K);
- Food Waste Bags (+£10K);
- Greenfield development as a regional waste facility (+£TBC);
- Increase Charges, Reduce Collections Frequency for Garden Waste Collection (+£25K);
- Introduce 2 Weekly Collections, bin reduction (+£200K);
- Introduce 3 Weekly Collections (+£400K-£500K);
- Introduce 4 Weekly Collections (+£600K-£800K);
- Recycling Collections offer to businesses (+£TBC);
- Reduce Frequency for Garden Waste Collection (+£50K);
- Review provision on HWRC's (+£TBC); and
- One budget pressure was also identified relating to Garden Waste Income Grant (-£50K annual).

From our review of statements:

- Whilst the MTFs statements were drafted and submitted by the Chief Officer, the actions have not yet taken place;
- Significant amount of efficiencies are dependent on approval which was not received;
- The financial context has changed, and this should be reflected in the revised action plan; and
- There is nil mention as a pressure of the potential fine which may be levied.

The risk is that the MTFs statements and the revised action plan are not aligned.

For financial year 2024/25, all portfolios were tasked with finding cost reductions.

Restricting residual waste collections were included as a potential cost reduction option; however, following feedback from Overview and Scrutiny meetings held in February this proposal was removed from final budget setting, as detailed in a Cabinet Report of 20th February 2024.

Following adoption of the Resource and Waste Strategy, and consideration of the operational report in June, the financial savings from restricting the capacity of residual waste collected will be included in the 2024/25 MTFs (if there are in year savings) if approved.

The infraction fine, if imposed, would have to be met from the Corporate Contingency Reserve as a potential fine cannot be classed as a budgeted item in the MTFs.

URN 03589

30/06/2024

Service Progress Update following Audit

The report was deferred from June due to the elections. The Operational report is now going to EEO&S Committee on the 16th July and Cabinet on the 23rd July. Other than stating that the waste modelling work and the draft report for the committees is prepared, there is no further update on the actions.

The year-end (2023/24) recycling performance have now been received. This is 62.77% (unverified), so for the fourth year on the run the statutory recycling target have not been achieved.

Year	FCC recycling	WG target	Recycling tonnage shortfall	WG Infraction fine	Comment
2023/24	62.77	64%	922	£184,340	Not yet verified by WG/NRW

Action 1 – The waste modelling work has been completed and the outcomes of this work have been prepared into committee reports for presentation through the July political cycle. This was deferred from the original June date due to the general elections.

Action 2 – Political approval will be requested at the July committee cycle to transition to a restricted capacity residual waste model to mitigate the risk of missed recycling targets and infraction charges.

Action 3 - Political approval will be requested at the July committee cycle to transition to a restricted capacity residual waste model to mitigate the risk of missed recycling targets and infraction charges.

Action 4 – The MTFs will be reviewed once approval for the operational report has been determined.

Action Tracking – Portfolio Performance Statistics

Appendix F

Page 392

Portfolio	Live Actions	Analysis of Live Actions			Total Actions Overdue	Analysis of Overdue Actions			Overall % of Overdue Actions	Actions with a Revised Due Date	Actions between 6 & 12 Months	Actions 13+ Months
		H	M	L		H	M	L				
Chief Executives	9	3	3	3	5	1	1	3	56%	5	0	1
People (HR)	19	4	9	6	19	4	9	6	100%	10	1	10
Resources (Finance)	8	0	5	3	6	0	3	3	75%	4	0	5
Education & Youth	0	0	0	0	0	0	0	0	0%	0	0	0
Governance	6	0	2	4	4	0	1	3	67%	5	1	4
Housing & Communities	19	3	10	6	18	3	9	6	95%	15	4	14
Planning, Environment & Economy	10	1	8	1	2	0	2	0	20%	1	1	0
Social Services	8	5	3	0	0	0	0	0	0%	3	1	0
Streetscene & Transportation	15	3	10	2	4	0	2	2	27%	7	3	5
External	5	0	2	3	5	0	2	3	100%	1	0	2
Individual Schools	37	2	19	16	18	0	9	9	49%	1	12	1
Total	136	21	71	44	81	8	38	35	60%	52	23	42

High Priority Actions Overdue

Appendix G

Portfolio	Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date and Current Status
CEX	22/23 Strategic Funding (Formally Core Funding for Voluntary & Community Sector): Lack of Oversight of the Strategic Funding Payment Process	3543	<p>There are checks and controls in place, but these are dependent on human action/input. The Strategic Office are responsible for updating the VSD in terms of organisation details and setting up payments but are reliant on the Sponsoring Officers providing information, carrying out and uploading monitoring forms, approving payments, and conducting payment checks. Sponsoring Officers are responsible for checking and approving payments for release (based on their oversight of satisfactory contract performance/monitoring). Authorising Officers provide a second level of control by checking and giving final approval for payment on the VSD.</p> <p>Management oversight of budget and payments is conducted through budget meetings with Finance colleague.</p> <p>The over payment has been investigated and resolved. The overpayment has been accepted as early payment for the following year, meaning no financial loss has resulted.</p> <p>Would agree with Audit findings that there are issues with process, which is reliant on human checks and processing, is disjointed with possible lack of</p>	H	30-Apr-24	-	16-Jul-24	A report is being presented to CROSC on 19 th July. At the time of reporting there have been 3 contracts signed to date with 12 others currently with legal for final review. This report will be a part 2 report, providing an update on the implementation of the core funding review (core funding was the former name of the funding). This report will contain options for future, which will in part address some of the factors raised by the internal audit and fulfil the commitment for a further review of the fund that was agreed by Cabinet in November 2021.

Portfolio	Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date and Current Status
			<p>understanding and accountability of roles and responsibilities, and that as such is not providing the right conditions for adequate checks, controls, and oversight.</p> <p>Action: Conduct another review of service/function but with focus on the process, controls, and strategic oversight. To include:</p> <ul style="list-style-type: none"> A. Process mapping and improvement work B. Review of system (VSD) C. Review of roles and responsibilities D. Review of payment mechanisms and process E. Proposed changes as a result reported, as appropriate. <p>Led by Strategic Office but to include all Sponsoring Officers, Authorising Officers, Finance and IT (for VSD)</p>					
HR	23/24 - DBS - CONTROL ISSUE: Budget Setting and Monitoring	3610	<ul style="list-style-type: none"> •Overspend has been highlighted as an issue for several years due to unachieved efficiency. •Options to charge were considered unpalatable and a barrier to recruitment, however we will produce a paper to COT outlining the need for a realist budget / operating model. 	H	31-Mar-24	-	10/04/2024	Separate report to committee in April 2024
HR	23/24 - DBS - CONTROL ISSUE: Non-compliance for up-to-date DBS checks for all current staff	3611	Trent does have the facility to record and identify when a new position (Job) is set up. Systems refer to the HR form and if the position has a mandatory requirement a field is ticked to reflect this and is inherited future	H	30-Jun-24	-	10/04/2024	Separate report to committee in April 2024

Portfolio	Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date and Current Status
	engaged in a regulated activity.		occupants. (No further action is required). •Review data sets immediately and investigate and address high risk gaps. •Review any associated processes which have led to the gaps. •Contact other LA's for ideas of good practice.					
HR	23/24 - DBS - CONTROL ISSUE: Non-compliance - DBS Renewals	3613	•Review data sets immediately and investigate and address high risk gaps. •Review any associated processes which have led to the gaps, including use of the update service. •Contact other LA's for good practice ideas.	H	30-Jun-24	-	10/04/2024	Separate report to committee in April 2024
HR	23/24 - DBS - CONTROL ISSUE: Risk management & reporting	3614	•Consider including in the risk register. •HR will review value of report to be provided to other Portfolios based on risk. •Reports to be generated consistently and provided to Management. Ensure Portfolios action the reports as necessary.	H	30-Jun-24	-	10/04/2024	Separate report to committee in April 2024
H&C	21/22 Maes Gwern Contractual Arrangements- Overage sum calculation not being monitored as per the development agreement	3140	A process to be introduced to monitor the overage sum in line with the agreed calculation stated in the overarching agreement.	H	29-Oct-21	31-May-24	04-Apr-24	Following the recent correspondence between Howard Parsonage, Audit and Accountancy I can confirm the estimated due date the end of May for actions relating to the abnormal costs calculation and the overage calculation. We anticipate an agreement or dispute from Wates shortly and Howard can then vet the data provided. Whether that prompts an agreement or dispute I cannot tell at this time, but Howard has alluded to attached we dispute the inclusion of sprinkler costs in the abnormal calculation. Their key point is being followed and tracked within the terms of the contract with Wates.
H&C	Homelessness & Temporary Accommodation	3255	The response will be delivered in the medium term. All actions are assigned to the Service	H	30-Jun-22	31-Mar-24	23-Jan-24	Further to the update provided to Governance and Audit Committee in November 2023, further progress is outlined below:

Portfolio	Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date and Current Status
	21/22- Management information is not available or unreliable to monitor the achievement of the Homelessness Strategy and policy		<p>manager to be delegated across team.</p> <p>Medium term (June 2022) Introduce management information to: Monitor performance timescales at the various stages in Void Management Process. Information to be timely reviewed to identify and address process impediments/ opportunities for improvement. Provide oversight of all offers for permanent accommodations, those that were declined and the reason for decline. Oversee length of stays in interim accommodation which is being developed in In-Phase. Oversee rent collection activities. Monitor SLA agreement KPIs.</p>					<p>Improve and enhance excel spreadsheet to capture all information in relation to temporary accommodation.</p> <ul style="list-style-type: none"> • Spreadsheets updated for data capture and available for Audit Team review end January 2024 • Additional tabs on spreadsheets for collection of data relating to Performance Information for length of stay and available for Audit Team review end January 2024 <p>Move away from Spreadsheets for accommodation casework and adopt Back Office</p> <ul style="list-style-type: none"> • Migration over to the Back Office system for management of all forms of homeless accommodation to be completed end March 2024 • To complete training for all staff working on Back Office functionality for Temporary Accommodation staff once system implemented end of March 2024. • Performance Management dashboard scoped out and once functionality of Back Office complete dashboard data will be live end March 2024. <p>Review reasons for refusal of permanent accommodation and develop process to manage “unreasonable refusals”.</p> <ul style="list-style-type: none"> • Suitability Checklist now in place along with Direct Lets Nomination Form and shared with Audit Team 17/01/2024 for review. • Clear process for Homeless Direct Lets now in place with dedicated officer leading the matching process and shared with Audit Team 17/01/2024 for review. • Nominations report and suitability assessment requiring management sign off in place and process documented and shared with Audit Team 17/01/2024 for review. <p>Develop Policy for Income Management relating to the Temporary Accommodation Portfolio to include:</p> <ul style="list-style-type: none"> ○ Rent Collection ○ Service Charge Collection ○ Arrears management ○ Income Maximisation and Support

Portfolio	Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date and Current Status
								<ul style="list-style-type: none"> ○ Arrears Write Off • Homeless Accommodation Policy complete with sections on Income Management activity to enable one Policy for all aspects of Homeless Accommodation Management and shared with Audit Team 17/01/2024 for review.
H&C	Homelessness & Temporary Accommodation 21/22- Processes are not adequate to deal with increase in demand.	3237	<p>The response will be delivered in 3 stages – immediate, medium and longer term. All actions are assigned to the Service manager to be delegated across team.</p> <p>Short term (March 2022)</p> <ul style="list-style-type: none"> • SLAs to be introduced between all areas which have a direct impact in service delivery. Including Responsive repairs through FCC, Void Property Turnaround, Cleaning Contracts, Fire Safety Regime • A process to be defined to deal with refused offers of permanent accommodation. • A process to be defined to review lease agreements prior to their renewal/expiration date. • A process for take on of new properties into the Temporary Accommodation portfolio. <p>Medium term (June 2022)</p> <ul style="list-style-type: none"> • Rental Charge Policy to be define to oversee rent income, arrears and write off. • Review the performance information needed for management oversight when the Policy is in place. <p>Longer term (March 2023)</p>	H	31-Mar-24	30-Jun-23	15-May-24	Email received from MC with evidence of all information available for this action (word document below). A review of the documents provided has highlighted some risks identified through the review would still pertain. An email was sent to MC advising actions will remain open as some of the risks identified still pertained and offering the possibility for management to close the actions given the resource challenges and the time the action has been open since the original implementation date.

Portfolio	Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date and Current Status
			<ul style="list-style-type: none"> The full end to end temporary accommodation process to be mapped to assign roles and responsibilities, identify process delays and inefficiencies as well as document controls. 					

Appendix H

High Priority Action(s) with a Revised Due Date Six Months Beyond Original Due Date and Not Overdue

Portfolio	Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date and Current Status
S&T	21/22 Highways Structures - Part 2 Inspection & Preventative Maintenance - KEY PERFORMANCE INDICATORS & MANAGEMENT INFORMATION	3445	<p>1. Schedule meeting with AMX to define standard /bespoke KPI reporting available to cover scheduled inspections / completions, asset condition / repair work.</p> <p>2. Produce reports from AMX as basis for all reporting – HAMP, monthly risk and programme Board. Ensure all in team are able to run these reports / datasets.</p>	H	31-May-23	31-Oct-24	06-Jun-24	<ul style="list-style-type: none"> •The policy will be presented to Cabinet in September 2024 for approval. •It will be fully implemented by 31/October 2024 including performance indicator reporting from AMX. •revise date to 31/10/24 •mgmt. to provide approved policy and example of performance indicator report.
S&T	22/23 Statutory Obligation for School Transport - Identify, analyse, monitor and report against statutory and non-statutory transport spend	3538	<p>It is agreed that costs for statutory / non-statutory transport should be specifically identified, analysed and reported. An exercise will be undertaken with Audit assistance to identify spend across 2022/23 on statutory and non-statutory transport. A process will be put in place to produce this information on a full termly basis. However, Welsh Government is currently reviewing the Learner Travel Measure, which is likely to impact the eligibility criteria for statutory / non-statutory spend, and data to support analysis is held across the ONE system, Finance and the Integrated Transport Unit and the exercise may be resource heavy, hence the December 2023 implementation date.</p>	H	01-Dec-23	31-Jul-24	21-May-24	<p>Internal Audit have successfully combined the three datasets (One system, Transport spreadsheet and Finance) we are in process of quality assurance work for this dataset on which all analysis will be based. reporting to management being drafted. to include Claire Homard.</p>

Ref	Date Referred	Investigation Details
1. New Referrals		
1.1		Nil new referral received
2. Reported to Previous Committees and still being Investigated		
2.1		No ongoing investigations
3. Investigation Completed		
3.1	N/A	

Internal Audit Performance Indicators

Appendix J

Performance Measure	2023/24	Qtr1	Qtr2	Qtr 3	Qtr 4	Target	RAG Rating	
Audits completed within planned time	78%	50%	-	-	-	80%	R	↓
Average number of days from end of fieldwork to debrief meeting *	19	35	-	-	-	20	R	↓
Average number of days from debrief meeting to the issue of draft report	4	1	-	-	-	5	G	↑
Days for departments to return draft reports	9	11	-	-	-	7	R	↓
Average number of days from response to issue of final report	1	1	-	-	-	2	G	↔
Total days from end of fieldwork to issue of final report	28	49	-	-	-	34	R	↓
Productive audit days	78%	74%	-	-	-	75%	A	↓
Client questionnaires responses as satisfied	100%	100%	-	-	-	95%	G	↔
Return of Client Satisfaction Questionnaires to date	57%	25%	-	-	-	80%	R	↓

Page 40

Key					
R	Target Not Achieved	A	With in 20% of Target	G	Target Achieved
↑	Improving Trend	↔	No Change	↓	Worsening Trend

* The average number of days from end of fieldwork to debrief meetings has been impacted by officers availability.

Audit – 2023/24	Priority	Status of Work	Supporting Narrative
Corporate			
Management of Leisure Assets	H	Draft Issued	
Education & Youth			
School Risk Based Thematic Reviews – Ysgol Treffynnon, Holywell	Annual	Complete	
School Risk Based Thematic Reviews – Connah’s Quay High	Annual	Complete	
School Risk Based Thematic Reviews – Ysgol Maes Hyfred	Annual	Complete	
School Risk Based Thematic Reviews – Ysgol Pen Coch	Annual	Complete	
Governance			
Cyber Security & Data Security	H	In Progress	
Housing & Assets			
Tenancy Enforcement / Support	H	In Progress	
Performance & Management Information (Voids)	H	In Progress	
Housing Benefit (including Subsidy Grant)	Biennial	Complete	
Planning, Environment & Economy			
Climate Change & Environmental Sustainability (Cross Cutting) (22/23)		Complete	
Income - Fees & Charges	H	Complete	
Planning – Prioritisation & Activities (including Enforcement)	H	Complete	
Social Services			
Deprivation of Liberty Safeguards (DoLS)	H	In Progress	
Streetscene & Transportation			
Statutory Transport Obligations – Cost Dataset	New	Draft Issued	Requested by the service following the audit of TSO
Recycling Targets	H	Complete	Draft Report Issued to Management
Review of Technical & Performance Team	H	In Progress	
H&S Service Delivery	M	Complete	Draft Report Issued to Management
External			
SLA - Aura - 10 days per annum	Annual	In Progress	
SLA - NEWydd - 10 days per annum	Annual	In Progress	

Audit – 2024/25	Priority	Status of Work	Supporting Narrative
Corporate			
Capital Programme and Strategy / Grant funding of Projects	H	Not started	
Future ADMS	H	Not started	
3 rd Sector Core Funding - Follow Up	Follow Up	Not started	
Capital Receipts			
Education & Youth			
Education Other Than Schools (EOTS)	H	Not started	
Thematic Review – Safeguarding within Schools (DBS Checks)	H	In Progress	
Not in Education, Employment or Training (NEET)	H	Not started	
Control Risk Self-Assessment	Annual	In Progress	
Youth Service Consultation around the Strategic Plan			
Governance			
Protection against Ransomware attack	H	Not started	
Procurement – Preparedness of the new Procurement Act	H	In Progress	
Cyber Security	H	Not started	
Corporate Complaints / Handling - Follow Up	Follow Up	Not started	
Housing and Communities			
Landlord H&S Compliance - Asbestos	H	Not started	
Welsh Housing Quality Standard 2023 - Phase One	H	In Progress	
Supporting People (grant)	Annual	Not started	
Homelessness Temporary Accommodation – Follow Up	Follow Up	Not started	
Housing Support Gateway			
People and Resources			
MTFS – Achievability of Efficiency Savings	H	In Progress	
Budget Management	H	Not started	
Taxation	H	Not started	
Write Offs			
Petty Cash			

Audit – 2024/25	Priority	Status of Work	Supporting Narrative
Matrix - off matrix agency Cost reporting	H	In Progress	
Payroll, including Approach to Holiday Pay	H	In Progress	
DBS Checks - Follow up	Follow Up	Not started	
Planning, Economy and Environment			
Environmental Health	H	Not started	
Building Control – Fees & Charges	H	Not started	
Minerals and Waste – Fees & Charges	H	Not started	
Pest Control – Fees & Charges	H	In Progress	
Social Services			
Commissioning and Contracts	H	In Progress	
In House Childrens Home - Ty Nyth	H	Not started	
Deferred Charges Residential Care Cost Liability – Follow Up	Follow Up	Not started	
Social Work Agency / Agency Costs			
Streetscene and Transportation			
HRC – Fees and Charges	H	Not started	
Procurement & Contract Management/Monitoring	H	Not started	
Governance, Delegation & Risk Management	H	In Progress	
Parc Adfer	Biennial	In Progress	
External			
Clwyd Pension Fund - Pensions Administration and Contributions	Biennial	In Progress	
Aura Leisure and Libraries	Annual	Not started	
NEWydd Catering and Cleaning	Annual	In Progress	
All Wales Chief Auditors Accounts	New	Complete	

Glossary

Risk Based Audits	Work based on strategic and operational risks identified by the organisation in the Improvement Plan and Service Plans. Risks are linked to the organisation's objectives and represent the possibility that the objectives will not be achieved.
Annual (System Based) Audits	Work in which every aspect and stage of the audited subject is considered, within the agreed scope of the audit. It includes review of both the design and operation of controls.
Advice & Consultancy	Participation in various projects and developments in order to ensure that controls are in place.
VFM (Value For Money)	Audits examining the efficiency, effectiveness and economy of the area under review.
Follow Up	Audits to follow up actions from previous reviews.
New to Plan	Audits added to the plan at the request of management. All new audits to the plan are highlighted in red.
Audits to be Combined	Audits to be combined once detailed scope established. All combined audits are highlighted in purple within the plan.
Audits to be Deferred	Medium priority audits deferred. These audits are highlighted in green within the plan.

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