

# Pecyn Dogfen Gyhoeddus

Gareth Owens LL.B Barrister/Bargyfreithiwr

Chief Officer (Governance)

Prif Swyddog (Llywodraethu)



Swyddog Cyswllt:

Sharon Thomas 01352 702324

sharon.b.thomas@flintshire.gov.uk

At:

Aelodau Cyfetholedig: Allan Rainford (Cadeirydd), Sally Ellis a Brian Harvey

Y Cynghorwyr: Bernie Attridge, Glyn Banks, Allan Marshall, Ted Palmer, Andrew Parkhurst a Linda Thomas

4 Ebrill 2024

Annwyl Gyngorydd

**RHYBUDD O GYFARFOD RHITHIOL**  
**PWYLLGOR LLYWODRAETHU AC ARCHWILIO**  
**DYDD MERCHER, 10FED EBRILL, 2024 AM 10.00 AM**

**\* Atgoffir aelodau'r Pwyllgor y bydd sesiwn hyfforddiant yn cael ei chynnal cyn y cyfarfod ar y Datganiad Llywodraethu Blynnyddol**

Yn gywir

Steven Goodrum  
Rheolwr Gwasanaethau Democratiadd

Bydd y cyfarfod yn cael ei ffrydio'n fyw ar wefan y Cyngor. Bydd y ffrydio byw yn dod i ben pan fydd unrhyw eitemau cyfrinachol yn cael eu hystyried. Bydd recordiad o'r cyfarfod ar gael yn fuan ar ôl y cyfarfod ar <https://flintshire.publici.tv/core/portal/home>

Os oes gennych unrhyw ymholiadau, cysylltwch ag aelod o'r Tîm Gwasanaethau Democrataidd ar 01352 702345.

## R H A G L E N

### 1 YMDDIHEURIADAU

**Pwrpas:** I dderbyn unrhyw ymddiheuriadau.

### 2 DATGAN CYSYLLTIAD (GAN GYNNWYS DATGANIADAU CHWIPIO)

**Pwrpas:** I dderbyn unrhyw ddatganiad o gysylltiad a chynghori'r Aelodau yn unol a hynny.

### 3 COFNODION (Tudalennau 5 - 12)

**Pwrpas:** I gadarnhau, fel cofnod cywir gofnodion y cyfarfod ar 24 Ionawr 2024.

### 4 DATGANIAD CYFRIFON 2022/23 (Tudalennau 13 - 204)

Adroddiad Rheolwr Cyllid Corfforaethol -

**Pwrpas:** Cyflwyno fersiwn derfynol wedi'i harchwilio o Ddatganiad Cyfrifon 2022/23 i gael eu cymeradwyo.

### 5 ADRODDIAD ARCHWILIO CYMRU: GWASANAETHAU DIGARTREFEDD - CYNGOR SIR Y FFLINT (Tudalennau 205 - 222)

Adroddiad Prif Swyddog (Tai ac Asedau) - Aelod Cabinet Tai ac Adfywio

**Pwrpas:** Rhannu canfyddiadau adolygiad Archwilio Cymru ar Atal Digartrefedd yng Nghyngor Sir y Fflint gyda'r Pwyllgor a cheisio cymeradwyaeth i ddarparu ymateb sefydliadol ffurfiol i Archwilio Cymru.

### 6 ADRODDIAD ADOLYGIAD ASESU RISG A SICRWYDD ARCHWILIO CYMRU 2021-22 (Tudalennau 223 - 240)

Adroddiad Rheolwr Archwilio Mewnol, Perfformiad a Rheoli Risg -

**Pwrpas:** I grynhoi'r casgliadau i'r Pwyllgor Llywodraethu ac Archwilio o'r gwaith asesu risg a sicrwydd manwl a wnaed.

### 7 Y WYBODAETH DDIWEDDARAF AM WASANAETH DATGELU A GWAHARDD (GDG)

**Pwrpas:** I roi'r wybodaeth ddiweddaraf am archwiliad mewnol o adroddiad am wiriadau'r Gwasanaeth Datgelu a Gwahardd (GDG), 07-2023/24 Adroddiad Terfynol - Ionawr 2024.

8 **CHWARTER 4 DIWEDDARIAD RHEOLI TRYSORLYS 2023/24** (Tudalennau 241 - 254)

Adroddiad Rheolwr Cyllid Corfforaethol -

**Pwrpas:** Darparu diweddariad ar faterion yn ymwneud â Pholisi, Strategaeth ac Arferion Rheoli Trysorlys y Cyngor hyd at ddiwedd Chwefror 2024.

9 **HUNANASESIAD Y PWYLLGOR LLYWODRAETHU AC ARCHWILIO** (Tudalennau 255 - 270)

Adroddiad Rheolwr Archwilio Mewnol, Perfformiad a Rheoli Risg -

**Pwrpas:** Cyflwyno canlyniadau hunanasesiad y Pwyllgor Llywodraethu ac Archwilio, a fydd yn cyfrannu at Ddatganiad Llywodraethu Blynnyddol. Bydd hefyd yn ffurfio'r sail ar gyfer darparu unrhyw hyfforddiant pellach sydd ei angen ar y pwyllgor.

10 **SAFONAU ARCHWILIO MEWNOL Y SECTOR CYHOEDDUS** (Tudalennau 271 - 286)

Adroddiad Rheolwr Archwilio Mewnol, Perfformiad a Rheoli Risg -

**Pwrpas:** Rhoi gwybod i'r Pwyllgor am ganlyniadau'r asesiad mewnol blynnyddol mewn perthynas â chydymffurfio â Safonau Archwilio Mewnol y Sector Cyhoeddus.

11 **SICRWYDD RHEOLEIDDIO ALLANOL 2023-24** (Tudalennau 287 - 330)

Adroddiad Prif Weithredwr -

**Pwrpas:** Cefnogi'r crynodeb o'r holl adroddiadau rheoleiddio allanol a dderbyniwyd yn ystod 2023/24 ynghyd ag ymatebion y Cyngor.

12 **CYNLLUN STRATEGOL ARCHWILIO MEWNOL** (Tudalennau 331 - 354)

Adroddiad Rheolwr Archwilio Mewnol, Perfformiad a Rheoli Risg -

**Pwrpas:** Cyflwyno'r Cynllun Archwilio Mewnol arfaethedig ar gyfer 2024/25 - 2026/27 er ystyriaeth yr Aelodau.

13 **ADRODDIAD CYNNYDD ARCHWILIO MEWNOL** (Tudalennau 355 - 414)

Adroddiad Rheolwr Archwilio Mewnol, Perfformiad a Rheoli Risg -

**Pwrpas:** Cyflwyno diweddariad i'r Pwyllgor ar gynnydd yr Adran Archwilio Mewnol.

14 **OLRHAIN GWEITHRED** (Tudalennau 415 - 418)

Adroddiad Rheolwr Archwilio Mewnol, Perfformiad a Rheoli Risg -

**Pwrpas:** Rhoi gwybod i'r Pwyllgor am y camau gweithredu sy'n codi o'r pwyntiau a godwyd mewn cyfarfodydd Pwyllgor Llywodraethu ac Archwilio blaenorol.

15 **RHAGLEN GWAITH I'R DYFODOL** (Tudalennau 419 - 424)

Adroddiad Rheolwr Archwilio Mewnol, Perfformiad a Rheoli Risg -

**Pwrpas:** Ystyried Rhaglen Gwaith i'r Dyfodol yr Adran Archwilio Mewnol.

**DEDDF LLYWODRAETH LEOL (MYNEDIAD I WYBODAETH) 1985 - YSTYRIED GWAHARDD Y WASG A'R CYHOEDD**

Mae'r eitem a ganlyn yn cael ei hystyried yn eitem eithriedig yn rhinwedd Paragraff(au) 14, 18 Rhan 4 Atodiad 12A o Ddeddf Llywodraeth Leol 1972 (fel y cafodd ei diwygio).

Mae'r wybodaeth yn ymwneud â materion ariannol neu fusnes ac mae budd y cyhoedd i gelu'r wybodaeth yn drech na budd y cyhoedd mewn datgelu'r wybodaeth. Mae'r wybodaeth yn ymwneud â champau a gymerwyd yn gysylltiedig ag atal troseddu ac mae budd y cyhoedd i gelu'r wybodaeth yn drech na budd y cyhoedd mewn datgelu'r wybodaeth.

16 **Y WYBODAETH DDIWEDDARAF AM HONIADAU DIENW**

**Pwrpas:** I ymateb i ymholiadau a godwyd gan aelodau mewn sesiwn gaeedig.

**NODYN: Cyfarfod Blynyddol gydag Archwilwyr Mewnol ac Allanol**

Yn unol â'r weithdrefn y cytunwyd arni, bydd aelodau'r Pwyllgor Llywodraethu ac Archwilio yn cyfarfod gyda'r Archwilwyr Mewnol ac Allanol yn syth ar ôl y cyfarfod.

***Sylwch, efallai y bydd egwyl o 10 munud os yw'r cyfarfod yn para'n hirach na dwy awr.***

# Eitem ar gyfer y Rhaglen 3

## **GOVERNANCE AND AUDIT COMMITTEE** **24 JANUARY 2024**

Minutes of the Governance and Audit Committee of Flintshire County Council held as a remote attendance meeting on Wednesday, 24 January 2024

### **PRESENT:**

Co-opted members: Allan Rainford (Chair), Sally Ellis and Brian Harvey  
Councillors: Bernie Attridge, Glyn Banks, Allan Marshall, Ted Palmer and Andrew Parkhurst

**SUBSTITUTE:** Councillor: Geoff Collett (for Linda Thomas)

**ALSO PRESENT:** Councillor David Coggins Cogan attended as an observer

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

Simon Monkhouse and Charles Rigby from Audit Wales

For minute number 53

Vicky Clark - Chief Officer (Housing & Communities)  
Martin Cooil - Housing & Prevention Services Manager  
Paul Calland - Strategic Housing & Program Delivery Manager

For minute number 54

Service Manager (Enterprise and Regeneration)

## **50. SUBSTITUTION**

In line with Constitutional requirements, the Committee agreed to allow Councillor Geoff Collett (who had undertaken the requisite training) to substitute for Councillor Linda Thomas.

### **RESOLVED:**

That Councillor Geoff Collett be permitted as a substitute for the meeting.

## **51. DECLARATIONS OF INTEREST**

Brian Harvey declared a personal interest on agenda item 5 (Audit Wales report - Social Enterprise) as he was a Director of Double Click.

During discussion on agenda item 4 (Audit Actions Outstanding), Councillor Ted Palmer declared a personal interest as he was a Director of NEW Homes.

## **52. MINUTES**

The minutes of the meeting held on 22 November 2023 were approved.

### **RESOLVED:**

That the minutes be approved as a correct record.

## **53. AUDIT ACTIONS OUTSTANDING**

The Internal Audit, Performance and Risk Manager introduced the update report on outstanding audit actions within the Housing & Communities portfolio, as requested at the previous meeting.

The Chief Officer (Housing & Communities) advised that evidence recently shared with the Internal Audit service would be analysed to enable some of the actions to be closed down.

On Maes Gwern, Sally Ellis felt that time was needed to review the evidence now that financial aspects appeared to have been resolved. She suggested that the Committee be kept informed of progress on outstanding actions as part of Internal Audit Progress Reports. In acknowledging the demands upon the Homelessness and Temporary Accommodation service, she said that the follow-up audit would provide assurance to the Committee whilst regular progress was monitored by Overview & Scrutiny.

The Chair explained that the update was to ensure that information was being made available to Internal Audit, as had been indicated previously. He agreed with Sally Ellis' suggestions on the way forward.

As requested by Councillor Bernie Attridge, the Strategic Housing & Program Delivery Manager provided an update on actions for Maes Gwern.

The Housing & Prevention Services Manager said that information had been passed to Internal Audit and that work would continue with that service to close down the remaining actions on Homelessness and Temporary Accommodation. In response to questions, he provided information on policy reporting arrangements and the need for further investment to resolve system overrides on the Single Access Route to Housing (SARTH).

Following concerns from Councillor Geoff Collett about apparent unresolved issues, the Strategic Housing & Program Delivery Manager spoke about learning taken from the Maes Gwern project and specifically the need to recognise achievements.

Councillor Glyn Banks supported the proposal for future updates through the progress reporting mechanism. He asked about outstanding audit actions under Streetscene & Transportation and was informed that two high priority actions had been closed since the last meeting.

Brian Harvey also spoke in support of the proposed reporting approach and asked how lessons from the Maes Gwern project would be captured and fed into Council processes.

Sally Ellis referred to a formal post-project review and was assured that this would be undertaken with the contractor following the resolution of outstanding issues.

The Chair summarised the views expressed by the Committee that a further report was not required as actions would be monitored by Internal Audit and reflected through progress reporting.

On that basis, the recommendation was moved and seconded by Councillors Ted Palmer and Geoff Collett.

**RESOLVED:**

That the report and appendix be accepted, and that further updates be reflected as part of the Internal Audit Progress Report.

**54. AUDIT WALES REPORT - SOCIAL ENTERPRISE**

The Enterprise & Regeneration Service Manager presented a report on actions following receipt of the Audit Wales report on Social Enterprise.

The review undertaken by Audit Wales had identified several recommendations and created a self-assessment toolkit for use by councils across Wales. The response and action plan, as appended to the report, provided an opportunity to build on the Council's successes and identify further improvements to the service. The report had been shared with the Environment & Economy Overview & Scrutiny Committee and approved by Cabinet.

Following a question from the Chair, it was explained that remote sessions would help to increase opportunities to raise awareness of social enterprise.

Sally Ellis welcomed the Council's achievements and suggested that the action plan include timescales. The Service Manager agreed that this would be considered as part of the next review.

In welcoming the positive report, Councillor Bernie Attridge paid tribute to the Council's commitment to investing in social enterprise. In respect of roles, Charles Rigby clarified the role of the Committee in being assured by the response and monitoring implementation.

In response to queries from Councillor Andrew Parkhurst, the Service Manager provided explanation on the main types of support given by the Council in the formation of social enterprises. On a question from Brian Harvey, he spoke about procurement activities.

On behalf of the Committee, the Chair thanked the officer and his team for the positive report.

The recommendation was moved and seconded by Brian Harvey and Sally Ellis.

**RESOLVED:**

That the Committee supports the proposed response to Audit Wales and the supporting documents.

**55. RISK MANAGEMENT UPDATE**

The Strategic Performance Advisor presented an update on the development of the risk management framework since its approval in September 2022. An overview was provided on a range of improvements made to the framework, as detailed in the report, along with information on consultees. The report also included the first view of the Strategic Risk Overview which incorporated all strategic risks across the organisation.

In welcoming the improvements, the Chair asked if the risks showing no direction of change were of concern. The officer explained that this reflected where risks had not yet been updated on the Inphase system. On a query about realistic target risk scores, she explained that since all risks were now imported into the system, the team would be working with portfolios to review and challenge target scores to ensure they were achievable.

Councillor Bernie Attridge spoke about the need for services to continually update information on their respective risks. The Internal Audit, Performance and Risk Manager said that whilst reports were currently shared with Cabinet and Overview & Scrutiny, there were also plans for monthly reports to be shared with Chief Officers to highlight any portfolio issues.

Following comments on political ownership, the Chief Officer (Governance) suggested that wording in the framework more clearly define the primary responsibility of Cabinet Members in respect of risk management.

Sally Ellis emphasised the importance of consistent use of Inphase and the need to reflect the potential for operational risks to evolve into strategic risks within the framework, for example the Amber/Red report on Disclosure & Barring Service (DBS) Checks. The Internal Audit, Performance and Risk Manager agreed to consider this and explained that audit reports identifying risks not included on the register were shared with the Risk Management team. She agreed to expand on roles and responsibilities within the framework to include the practice of inviting strategic risk owners to explain mitigation measures. Comments on the inclusion of long-term trend information on the dashboard were noted and would be incorporated as the system evolved over time.

Councillor Allan Marshall sought clarity on the management of positive consequences of risks. Officers explained that a separate module currently under



development would incorporate the benefits of risk management and that officers would consider if this could be better reflected in the framework.

Councillor Glyn Banks referred to Welsh Government proposals regarding the risk around Out of County Placements and suggested that officers consider workshops to update Members on any changes.

The recommendations were moved and seconded by Councillors Bernie Attridge and Glyn Banks.

**RESOLVED:**

- (a) That the Committee approves the revised Risk Management Framework (January 2024); and
- (b) That the Committee accepts the Council's Strategic Risk Overview Report.

**56. CODE OF CORPORATE GOVERNANCE**

The Chief Executive introduced a report on the annual review of the Code of Corporate Governance prior to consideration by the Constitution and Democratic Services Committee. He said that the document remained largely unchanged and highlighted key areas including the framework and the seven principles of good practice applied to the Code.

The Chief Officer (Governance) spoke about links with key documents such as the Annual Governance Statement and Council Plan.

When asked by Sally Ellis about any additional governance mechanisms that could be reflected in the Code, officers gave assurance on the robustness of the Code, having been subject to extensive review and consultation.

The recommendation was moved and seconded by Brian Harvey and Councillor Geoff Collett.

**RESOLVED:**

That the updated Code of Corporate Governance be endorsed for adoption as part of the Council's Constitution.

**57. TREASURY MANAGEMENT 2024/25 STRATEGY AND QUARTER 3 UPDATE 2023/24**

The Strategic Finance Manager presented the draft Treasury Management Strategy 2024/25 and associated documents for review and recommendation to Cabinet, along with a quarterly update on Treasury Management activities in 2023/24 for information.

Whilst there were no significant changes to the strategy, key areas were highlighted on economic context, local context and a continuation in borrowing and

investment strategies. The quarterly update reported the position on investments at the end of December 2023 along with long and short term borrowing portfolios.

On investment counterparty limits, the Chair spoke about the risk around section 114 notices and suggested some wording to give assurance that the financial position of other authorities was being monitored. The Strategic Finance Manager said that this was covered in the mid-year report, and he confirmed that local authority investments were subject to constant review and guidance from Arlingclose Ltd. On interest rates, he provided estimates of interest rate outcomes compared with projections which had helped the in-year position.

In response to the Chair's question on maintaining resources to support the treasury management function, the Corporate Finance Manager spoke about his role in ensuring adequate financial arrangements across the Council and advised that no specific changes in the team had been identified to date as part of the budget process for 2024/25.

The recommendations were moved and seconded by Councillors Ted Palmer and Bernie Attridge.

**RESOLVED:**

- (a) That having reviewed the draft Treasury Management Strategy 2024/25 and accompanying documents, the Committee has no specific issues to be reported to Cabinet on 20 February 2024; and
- (b) That the Treasury Management 2023/24 quarterly update be noted.

**58. INTERNAL AUDIT PROGRESS REPORT**

The Internal Audit, Performance and Risk Manager presented the update on progress against the Plan, final reports issued, action tracking, performance indicators and current investigations. Since the last update, two Amber Red (some assurance) reports had been issued on Strategic Core Funding and Disclosure & Barring Service (DBS) Checks.

Sally Ellis raised concerns about the Amber Red report on DBS Checks as this was an important safeguarding responsibility of the Council. She queried why the report was not escalated to Red and requested a report back to the Committee on the completion of actions, noting that this was a corporate risk with the potential to become strategic.

Her comments were echoed by the Chair who shared concerns about the deadlines for actions.

Councillor Bernie Attridge questioned the basis of due dates for risk management reporting on DBS Checks and actions to address the lack of oversight of the payment process on Strategic Core Funding.

Following concerns from Councillor Andrew Parkhurst on the increased number of overdue actions, the Chief Executive agreed that this was disappointing. Whilst acknowledging the fluid nature of action tracking and escalation process, he gave assurance that the importance of closing actions to reduce risks would be reinforced with Chief Officers. On Strategic Core Funding, an update on progress with contract arrangements for third party organisations in receipt of grants would be shared.

In response to further comments about the urgency of DBS actions and the need for corporate oversight, the Chief Executive gave a personal commitment that he would seek assurance on urgent work and clarification to address the issues in advance of the Corporate Manager, People and Organisational Development attending the next meeting and providing a detailed update on progress at the next meeting.

On a further question, officers would liaise with Education colleagues and confirm that individual schools were responsible for their own DBS checks.

The recommendations, which were amended to reflect the concerns raised, were moved and seconded by Brian Harvey and Councillor Attridge.

**RESOLVED:**

- (a) That the report be accepted; and
- (b) That a report be received at the next meeting relating to the position on the DBS service and urgent actions required to address the problems identified.

**59. ACTION TRACKING**

The Internal Audit, Performance and Risk Manager presented an update on actions arising from previous meetings. In respect of long-standing actions, an update would be reflected in the next report.

Councillor Andrew Parkhurst referred to the response to his query on the investigation into anonymous allegations discussed in November 2023 and queried why officers had opted to contact one specific organisation, given the range of others that could have been contacted.

The Internal Audit, Performance and Risk Manager agreed that she would endeavour to pursue further, however the responsible officer for the audit had left the Council.

Councillor Parkhurst acknowledged the sensitivities involved and suggested a further discussion to explore the matter further in closed session.

Following debate, the Chair suggested that the Committee allow the Internal Audit Manager to review the query and to report back to the next meeting in an item in closed session. On that basis, the recommendations were moved and seconded by Councillors Ted Palmer and Bernie Attridge.

**RESOLVED:**

- (a) That the report be accepted; and
- (b) That the Internal Audit, Performance and Risk Manager review the query raised by Councillor Parkhurst on the anonymous allegation and report back to the next meeting in an item to be held in closed session.

**60. FORWARD WORK PROGRAMME**

The Internal Audit, Performance and Risk Manager presented the current Forward Work Programme for consideration. No further changes were proposed.

The recommendations were moved and seconded by Councillors Ted Palmer and Bernie Attridge.

**RESOLVED:**

- (a) That the Forward Work Programme be accepted; and
- (b) That the Internal Audit, Performance and 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.

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

None.

(The meeting started at 10am and finished at 12.40pm)

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**Chair**

# Eitem ar gyfer y Rhaglen 4



## GOVERNANCE AND AUDIT COMMITTEE

<b>Date of Meeting</b>	Wednesday 10 <sup>th</sup> April 2024
<b>Report Subject</b>	Statement of Accounts 2022/23
<b>Report Author</b>	Corporate Finance Manager

### EXECUTIVE SUMMARY

The report presents the:

- Final version of the Council's Statement of Accounts 2022/23, incorporating those changes agreed with Audit Wales during the course of the audit, for approval
- Audit Wales' report on the audit of the Statement of Accounts 2022/23
- Letter of Representation for the Council

### RECOMMENDATIONS

1	Members are requested to consider the Audit Wales report - Audit of the Financial Statements 2022/23 – Flintshire County Council.
2	Members are requested to approve the final version of the Statement of Accounts 2022/23 following consideration of the Audit Wales report.
3	Members are requested to approve the Letter of Representation.

## **REPORT DETAILS**

<b>1.00</b>	<b>EXPLAINING THE STATEMENT OF ACCOUNTS</b>
1.01	The Governance and Audit Committee received the draft Statement of Accounts 2022/23 on 26 July 2023, for information only at that stage. The Accounts and Audit (Wales) Regulations 2018 specify the statutory deadline for the approval of the Statement as 31 July, however the framework set by Welsh Government extended this to 30 November.
1.02	The audit of the Statement of Accounts 2022/23 is now substantially complete, although the audit continues up until the point at which the accounts are signed off by the auditors (Audit Wales).
1.03	A copy of the Statement of Accounts 2022/23, incorporating those changes agreed with Audit Wales during the audit and up to the point of writing this report, is attached at Appendix 1.
	<b><u>Audit Wales' audit of the Statement of Accounts</u></b>
1.04	Under the International Standards on Auditing (ISA) 260, Audit Wales is required to communicate relevant matters relating to the audit of the Statement of Accounts to those charged with governance, which for the Council is the Governance and Audit Committee.
1.05	Officers from Audit Wales will attend the meeting to present their findings. This is in the form of a written report which can be found at Appendix 2 to this report.
1.06	It is usual within the course of the audit of any organisation that items will be brought to the attention of the body being audited. Audit findings have been discussed in detail with Audit Wales and, where considered appropriate, adjustments have been made to the draft Statement of Accounts.
1.07	The Audit Wales report includes details of any significant issues arising from the audit, together with recommendations and a summary of adjustments made to the draft Statement of Accounts.
1.08	A Letter of Representation is included at Appendix 3. This requires the Council to confirm the accuracy of the audit. In this letter, the Council confirms to Audit Wales that all the information contained within the Statement of Accounts is true and accurate and that all information has been disclosed.
	<b><u>Timescales</u></b>
1.09	The statutory deadline for producing the draft Statement of Accounts for 2022/23 was 31 May 2023, however, due to the delays in completing the Statement of Accounts for 2021/22, resulting from a variety of factors though mainly from a technical issue regarding the valuation of Local Government infrastructure assets, Welsh Government made use of the flexibility within the regulations to extend the deadline to 31 July.

1.10	Therefore, to ensure the quality of the Accounts was maintained, the Accounts were submitted for audit on 12 July and, to comply with regulations, a notice was published explaining the reason for the delay.
1.11	The statutory deadline for publishing the final audited version was 31 July, however, this was extended, with the aim of bringing back the audited version of the accounts to this Committee for final approval in November.
1.12	The November deadline was unable to be met due to the need for Audit Wales to prioritise audit work across Wales due to recruitment challenges and the impact of the revised auditing standard ISA315. This resulted in the audit work not commencing until November.
	<b><u>Issues from the 2022/23 accounts</u></b>
1.13	<p>New audit standards were implemented for the 2022/23 Accounts, and beyond which resulted in changes to how the audit was conducted, with a focus on more material and high-risk areas in addition to testing accuracy and completeness as usual.</p> <p>A summary of issues identified is included in Audit Wales ISA260 report in Appendix 2. Most issues raised relate to the Councils accounting of its assets.</p> <p>This includes amendments to historic accounting where assets had carrying balances on both the Revaluation Reserve and the Surplus and Deficit on Provision of Services, which is an issue that has been identified in a number of Local Authorities and corrections to the Councils asset due to a manual uplift exercise.</p> <p>All the required adjustments have been included in the revised Statement of Accounts and the amended accounting treatment will continue to be applied in subsequent years.</p>
1.14	Due to the nature of the note, there were issues arising for Related Parties regarding completeness of declaring interests, however, this had no impact on the disclosure of the note in the accounts.
1.15	There were no other significant issues arising during the audit of the 2022/23 Accounts.
	<b><u>Update on the Clwyd Pension Fund Accounts</u></b>
1.16	The Clwyd Pension Fund Statement of Accounts were included in the Clwyd Pension Fund Annual Report for 2022/23, which were considered by the Clwyd Pension Fund Committee on 29 November 2023. The Accounts were approved by Members in line with the required deadline of 1 December.

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	There are no direct resource implications as a result of this report.

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

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	Actions will be taken in year (2023/24) where possible, to address recommendations from Audit Wales' report as outlined within the body of the report.

<b>5.00</b>	<b>APPENDICES</b>
5.01	<ol style="list-style-type: none"> <li>1. Statement of Accounts 2022/23</li> <li>2. Audit Wales Report – Audit of Financial Statements 2022/23</li> <li>3. Flintshire County Council Letter of Representation</li> </ol>

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

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Audit Wales:</b> 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><b>Financial Audit:</b> The annual external audit of the Council's Statement of Accounts.</p> <p><b>Financial Year:</b> the period of 12 months commencing on 1 April.</p> <p><b>Materiality:</b> A concept used to inform judgements regarding the accuracy of the Council's Statement of Accounts. The basis could be quantitative with an assigned value or qualitative and affected by issues that are legal, regulatory, or politically sensitive.</p>



<p><b>Statement of Accounts / Final Accounts / Financial Accounts or Statements:</b> 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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Mae'r dudalen hon yn wag yn bwrpasol

# Statement of Accounts



2022-23



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# NARRATIVE REPORT

## INTRODUCTION

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

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

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

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

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

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

## COUNCIL PERFORMANCE DURING THE YEAR

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

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

## NARRATIVE REPORT

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

Public reports which measure our progress against this document are published half yearly, with the outturn for the year reported to Cabinet on 19<sup>th</sup> September 2023.

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

### FINANCIAL PERFORMANCE DURING THE YEAR

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

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

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

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

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

#### Revenue outturn compared to budget

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

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



## NARRATIVE REPORT

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

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

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

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

## NARRATIVE REPORT

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

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

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

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

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

The Council continues to take a proactive approach to monitoring rent arrears due to the increasing cost of living affecting tenants' ability to pay rent on time and the potential loss of housing rent income. However, despite the early intervention and support offered to tenants, net rent arrears have increased to £2.171m at outturn compared with £1.610m the previous year. The HRA maintains a prudent level of reserves and a bad debt provision which should be sufficient to mitigate any losses in future years.

## NARRATIVE REPORT

### Capital Programme Budget, Outturn and Financing

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

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

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

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

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

The programme was financed as follows -

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

## NARRATIVE REPORT

### Capitalisation Direction – Mockingbird Family Model

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

### Strategic Housing and Regeneration Programme

The Council is currently in year 7 of its Strategic Housing and Regeneration Programme (SHARP). This ambitious plan aims to deliver 500 new homes which will be built at a range of sites across the County, a mixture of new council houses and affordable homes, alongside commissioning a range of linked regeneration initiatives and community benefits.

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

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

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

### Borrowing

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

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

## NARRATIVE REPORT

### Financial Position at 31<sup>st</sup> March 2023

#### Reserves and Provisions

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

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

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

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

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

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

#### Cash Flow Management

The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on investments are set by reference to the Council's MTFs and cash flow forecast in the Council's Treasury Management Strategy. The cash flow forecast is reviewed daily for investing purposes and weekly and monthly for borrowing purposes.

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

## NARRATIVE REPORT

### Pension Liability

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

The Council relies and places assurance on the professional judgement of the Clwyd Pension Fund's actuary and the assumptions used to calculate the deficit. Disclosures in Note 43 are in accordance with International Accounting Standard 19 (IAS 19), accounting in full for the pension liability, that is the total projected deficit over the life of the fund. IAS 19 has no impact on council tax levels or housing finance, but the liability does impact on the net worth of the Council as reflected in the balance sheet total of £667.088m (£340.592m as at 31st March 2022).

### Revaluation of Non-Current Assets

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

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

## FINANCIAL OUTLOOK FOR THE COUNCIL

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

It is clear that the current financial outlook for the Council, in terms of Welsh Government funding and support for both revenue and capital expenditure, is uncertain in the medium term. With energy costs and inflation impacting negatively on the wider economy (although the Bank of England forecasts inflation falling throughout 2024) economic growth will remain weak, and the impacts of Brexit and the pandemic have still to work through the economic systems. As such the future financial position will continue to remain volatile and subject to many challenges through the coming financial years, including the impacts of nationally agreed pay awards. The Council also expects to continue to see increasing demand for many of its services, specifically in the areas of social care and homelessness.

A revision of the MTFs from 2024/25 and beyond was presented to Cabinet on 18<sup>th</sup> July 2023. The revision aims to establish a robust baseline of cost pressures which will inform the budget requirement that will need to be met from national and local funding streams. The 2022/23 final local government settlement included an indicative increase of 2.4% for 2024/25, which is at a significantly lower level than the last couple of years. This was increased to 3.1% as part of the 2023/24 settlement. The Council will need to consider options to balance the budget in light of the indicative figure.

## **NARRATIVE REPORT**

### **PRINCIPAL RISKS AND UNCERTAINTIES**

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

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

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

### **CHANGES AND FUTURE CHANGES TO THE STATEMENT OF ACCOUNTS**

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

### **CHANGE IN ACCOUNTING POLICIES**

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

### **FURTHER INFORMATION**

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

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

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

**Signed :**

**Allan Rainford  
Chair of the Governance and Audit Committee**

**Date :**

### THE CHIEF FINANCE OFFICER'S RESPONSIBILITIES

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

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

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

The Chief Finance Officer has also:

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

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

**Signed :**

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

**Date :**

**Tudalen 32**



## EXPENDITURE AND FUNDING ANALYSIS

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

2022/23

	Net Portfolio Final Outturn Reported £000	Adjustments for Movements (to)/from Earmarked Reserves £000	Net Expenditure Chargeable to Council Fund/HRA Reserves £000	Adjustments between Funding & Accounting Basis £000	Net Expenditure - CIES £000
Chief Executive's	1,606	0	1,606	217	1,823
Education & Youth	122,789	7,052	129,841	15,814	145,655
Governance	10,684	912	11,596	2,886	14,482
Housing & Communities*	15,740	(1,519)	14,221	(5,605)	8,616
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
Strategic Programmes	9,008	209	9,217	(548)	8,669
Streetscene & Transportation	40,913	518	41,431	7,825	49,256
Central & Corporate Finance	20,583	1,883	22,466	(18,073)	4,393
Housing Revenue Account (HRA)	(1,320)	82	(1,238)	(24,513)	(25,751)
<b>Cost of services</b>	<b>322,349</b>	<b>9,000</b>	<b>331,349</b>	<b>(13,154)</b>	<b>318,195</b>
Other Income and Expenditure	(326,682)	0	(326,682)	9,787	(316,895)
<b>(Surplus)/deficit on the provision of services</b>	<b>(4,333)</b>	<b>9,000</b>	<b>4,667</b>	<b>(3,367)</b>	<b>1,300</b>
<b>Opening Council Fund / HRA Reserves</b>			<b>60,864</b>		
In Year Revenue Surplus / (Deficit)					
Council Fund			(5,906)		
HRA			1,238		
<b>Closing Council Fund / HRA Reserves</b>			<b>56,196</b>		

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

Restated

2021/22

	Net Portfolio Final Outturn Reported £000	Adjustments for Movements (to)/from Earmarked Reserves £000	Net Expenditure Chargeable to Council Fund/HRA Reserves £000	Adjustments between Funding & Accounting Basis £000	Net Expenditure - CIES £000
Chief Executive's	2,243	54	2,297	178	2,475
Education & Youth*	115,257	(6,154)	109,103	4,455	113,558
Governance	9,820	(1,773)	8,047	3,203	11,250
Housing & Assets*	13,601	(1,084)	12,517	(6,555)	5,962
People & Resources	4,466	(122)	4,344	673	5,017
Planning, Environment & Economy*	5,614	(7)	5,607	1,111	6,718
Social Services	77,152	89	77,241	12,566	89,807
Strategic Programmes*	7,018	726	7,744	(2,593)	5,151
Streetscene & Transportation*	32,513	(1,365)	31,148	7,360	38,508
Central & Corporate Finance*	24,061	(1,779)	22,282	(16,959)	5,323
Housing Revenue Account (HRA)*	1,971	(301)	1,670	(42,777)	(41,107)
<b>Cost of services*</b>	<b>293,716</b>	<b>(11,716)</b>	<b>282,000</b>	<b>(39,338)</b>	<b>242,662</b>
Other Income and Expenditure	(297,457)	0	(297,457)	(6,314)	(303,771)
<b>(Surplus)/deficit on the provision of services *</b>	<b>(3,741)</b>	<b>(11,716)</b>	<b>(15,457)</b>	<b>(45,652)</b>	<b>(61,109)</b>
<b>Opening Council Fund / HRA Reserves</b>			<b>45,407</b>		
In Year Revenue Surplus / (Deficit)					
Council Fund			17,127		
HRA			(1,669)		
<b>Closing Council Fund / HRA Reserves</b>			<b>60,865</b>		

\*Restated. See Note 44.

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

	Note	2022/23			Restated 2021/22		
		Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
<b>Service Expenditure Analysis</b>							
Chief Executive's		1,888	(65)	1,823	2,543	(68)	2,475
Education & Youth*		182,391	(36,736)	145,655	155,654	(42,096)	113,558
Governance		16,581	(2,099)	14,482	15,095	(3,845)	11,250
Housing & Communities**		46,884	(38,268)	8,616	43,581	(37,619)	5,962
People & Resources		5,998	(525)	5,473	5,399	(382)	5,017
Planning, Environment & Economy*		15,873	(7,066)	8,807	14,865	(8,147)	6,718
Social Services		127,562	(30,790)	96,772	125,419	(35,612)	89,807
Strategic Programmes*		11,464	(2,795)	8,669	7,631	(2,480)	5,151
Streetscene & Transportation*		74,770	(25,514)	49,256	71,528	(33,020)	38,508
Central & Corporate Finance*		6,905	(2,511)	4,394	8,447	(3,124)	5,323
HRA*		13,082	(38,833)	(25,751)	(2,888)	(38,219)	(41,107)
<b>Cost of services*</b>		<b>503,398</b>	<b>(185,202)</b>	<b>318,196</b>	<b>447,274</b>	<b>(204,612)</b>	<b>242,662</b>
Other Operating Expenditure	4			33,316			30,301
Financing and Investment (Income) and Expenditure	5			16,687			17,897
Taxation and Non-Specific Grant (Income)	6			(366,899)			(351,969)
<b>(Surplus)/deficit on the provision of services*</b>	<b>3</b>			<b>1,300</b>			<b>(61,109)</b>
(Surplus)/deficit arising on revaluation of non-current assets*				(15,505)			(96,020)
(Surplus)/deficit arising on revaluation of available-for-sale financial assets				0			0
Actuarial (gains) or losses on pension assets and liabilities				(312,290)			(88,346)
<b>Total comprehensive (income) and expenditure</b>				<b>(326,495)</b>			<b>(245,475)</b>

\* Restated. See Note 44.

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

## MOVEMENT IN RESERVES STATEMENT

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

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

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

Note	Council Fund Reserves £000	HRA Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves of the Council £000
<b>At 31st March 2022</b>	<b>55,626</b>	<b>5,239</b>	<b>17,958</b>	<b>15,043</b>	<b>93,866</b>	<b>246,726</b>	<b>340,592</b>
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
<b>Increase/(decrease) in year</b>	<b>(5,906)</b>	<b>1,238</b>	<b>1,190</b>	<b>99</b>	<b>(3,379)</b>	<b>329,874</b>	<b>326,495</b>
<b>At 31st March 2023</b>	<b>49,720</b>	<b>6,477</b>	<b>19,149</b>	<b>15,142</b>	<b>90,488</b>	<b>576,600</b>	<b>667,088</b>

Note	Council Fund Reserves £000	HRA Balance £000	Capital Receipts Reserve £000	Restated Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves of the Council £000
<b>At 31st March 2021</b>	<b>38,499</b>	<b>6,908</b>	<b>15,490</b>	<b>14,426</b>	<b>75,323</b>	<b>19,793</b>	<b>95,116</b>
In year movement in reserves							
Total comprehensive income and expenditure*	16,886	44,224	0	0	61,110	184,366	245,476
Adjustments between accounting and funding basis under regulations*	7	241	(45,893)	2,468	617	(42,567)	42,567
<b>Increase/(decrease) in year</b>	<b>17,127</b>	<b>(1,669)</b>	<b>2,468</b>	<b>617</b>	<b>18,543</b>	<b>226,933</b>	<b>245,476</b>
<b>At 31st March 2022</b>	<b>55,626</b>	<b>5,239</b>	<b>17,958</b>	<b>15,043</b>	<b>93,866</b>	<b>246,726</b>	<b>340,592</b>

\*Restated. See Note 44.

## BALANCE SHEET

	Note	31 March 2023		31 March 2022	
		£000	£000	£000	£000
<b>NON-CURRENT ASSETS</b>					
<b>Property, Plant &amp; Equipment</b>	<b>8</b>				
Council dwellings		301,283		274,122	
Other land and buildings		471,600		454,643	
Vehicles, plant, furniture and equipment		20,212		19,581	
Surplus assets		4,319		5,880	
Infrastructure assets		156,994		157,785	
Community assets		5,408		4,921	
Assets under construction		16,160		12,125	
<b>Total Property, Plant &amp; Equipment</b>			<b>975,976</b>		<b>929,057</b>
Investment properties and agricultural estate	<b>9</b>		29,092		27,694
Long term investments	<b>11</b>		3,659		3,730
Long term debtors	<b>12</b>		11,999		12,050
<b>NON-CURRENT ASSETS TOTAL</b>			<b>1,020,726</b>		<b>972,531</b>
<b>CURRENT ASSETS</b>					
Inventories		713		651	
Short term debtors (net of impairment provision)	<b>13</b>	79,110		71,409	
Short term investments	<b>14</b>	5,054		5,001	
Cash and cash equivalents	<b>15</b>	27,607		43,657	
Assets held for sale	<b>10</b>	306		383	
<b>CURRENT ASSETS TOTAL</b>			<b>112,790</b>		<b>121,101</b>
<b>CURRENT LIABILITIES</b>					
Borrowing repayable on demand or within 12 months	<b>16</b>	(19,908)		(18,036)	
Short term creditors	<b>17</b>	(56,861)		(63,022)	
Provision for accumulated absences	<b>19</b>	(6,722)		(5,563)	
Deferred liabilities	<b>40</b>	(621)		(591)	
Grants receipts in advance	<b>18</b>	(3,737)		(6,697)	
Provisions	<b>19</b>	(52)		(45)	
<b>CURRENT LIABILITIES TOTAL</b>			<b>(87,901)</b>		<b>(93,954)</b>
<b>NON-CURRENT LIABILITIES</b>					
Long term creditors	<b>17</b>	(1,140)		(1,389)	
Long term borrowing	<b>20</b>	(290,201)		(289,517)	
Deferred liabilities	<b>40</b>	(2,128)		(2,748)	
Provisions	<b>19</b>	(1,067)		(957)	
Other long term liabilities	<b>43</b>	(77,723)		(362,940)	
Grants receipts in advance	<b>18</b>	(6,268)		(1,535)	
<b>NON-CURRENT LIABILITIES TOTAL</b>			<b>(378,527)</b>		<b>(659,086)</b>
<b>NET ASSETS</b>			<b>667,088</b>		<b>340,592</b>

## BALANCE SHEET

	Note	31 March 2023		Restated 31 March 2022	
		£000	£000	£000	£000
<b>USABLE RESERVES</b>					
Capital Receipts Reserve		19,149		17,959	
Capital Grants Unapplied		15,142		15,043	
Council Fund		19,162		18,438	
Earmarked Reserves	21	30,558		37,187	
HRA		6,477		5,239	
<b>USABLE RESERVES TOTAL</b>		<b>90,488</b>		<b>93,866</b>	
<b>UNUSABLE RESERVES</b>					
Revaluation Reserve *	22	200,081		192,915	
Capital Adjustment Account *	22	465,567		427,276	
Financial Instruments Adjustment Account	22	(4,652)		(5,011)	
Pensions Reserve	22	(77,723)		(362,940)	
Deferred Capital Receipts		49		49	
Accumulated Absences Account	22	(6,722)		(5,563)	
<b>UNUSABLE RESERVES TOTAL</b>		<b>576,600</b>		<b>246,726</b>	
<b>TOTAL RESERVES</b>		<b>667,088</b>		<b>340,592</b>	

\*Restated. See Note 44.

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

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

## CASH FLOW STATEMENT

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

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

	Note	2022/23		Restated 2021/22	
		£000	£000	£000	£000
Net surplus or (deficit) on the provision of services*		(1,300)		61,109	
Adjustment to surplus or deficit on the provision of services for non-cash movements*		33,351		46,465	
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		<u>(33,034)</u>		<u>(45,485)</u>	
Net cash flows from operating activities	23		(983)		62,089
Net cash flows from investing activities	24	(17,004)		(12,590)	
Net cash flows from financing activities	25	<u>1,937</u>		<u>(42,925)</u>	
<b>Net increase or (decrease) in cash and cash equivalents</b>			<u>(15,067)</u> <u>(16,050)</u>		<u>(55,515)</u> <u>6,574</u>
Cash and cash equivalents at the beginning of the reporting period	15		43,657		37,083
<b>Cash and cash equivalents at the end of the reporting period</b>	15		<b>27,607</b>		<b>43,657</b>

\* Restated. See Note 44.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### INTRODUCTION TO NOTES

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

### 1. NOTE TO EXPENDITURE AND FUNDING ANALYSIS

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

Adjustments from Council Fund / HRA to arrive at CIES Amounts	2022/23			
	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*	3,971	740	(10,315)	(5,604)
People & Resources	0	915	1	916
Planning, Environment & Economy	1,498	969	(784)	1,683
Social Services	1,993	4,910	(660)	6,243
Strategic Programmes	(183)	16	(380)	(547)
Streetscene & Transportation	7,593	2,010	(1,778)	7,825
Central & Corporate Finance	608	1,405	(20,086)	(18,073)
HRA	(6,395)	1,022	(19,140)	(24,513)
<b>Cost of services</b>	<b>23,207</b>	<b>17,688</b>	<b>(54,049)</b>	<b>(13,154)</b>
Other Income and Expenditure from the EFA	(27,828)	10,543	27,072	9,787
<b>Differences between Council Fund / HRA surplus / and CIES surplus / deficit</b>	<b>(4,621)</b>	<b>28,231</b>	<b>(26,977)</b>	<b>(3,367)</b>

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

Adjustments from Council Fund / HRA to arrive at CIES Amounts	Restated			
	2021/22			
	Adjustments for Capital Purposes	Adjustments for Employee Benefit Purposes	Other Adjustments	Total Adjustments
Note	£000	£000	£000	£000
Note	a	b	c	
Chief Executive's	0	178	0	178
Education & Youth*	2,008	3,532	(1,085)	4,455
Governance	1,946	712	545	3,203
Housing & Assets*	4,136	459	(11,150)	(6,555)
People & Resources	0	675	(2)	673
Planning, Environment & Economy*	1,167	959	(1,015)	1,111
Social Services	9,376	3,649	(459)	12,566
Strategic Programmes*	276	(2,558)	(311)	(2,593)
Streetscene & Transportation*	7,054	1,395	(1,089)	7,360
Central & Corporate Finance*	(630)	1,946	(18,275)	(16,959)
HRA*	(20,352)	693	(23,118)	(42,777)
<b>Cost of services</b>	<b>4,981</b>	<b>11,640</b>	<b>(55,959)</b>	<b>(39,338)</b>
Other Income and Expenditure from the EFA	(41,660)	9,438	25,908	(6,314)
<b>Differences between Council Fund / HRA surplus / and CIES surplus / deficit</b>	<b>(36,679)</b>	<b>21,078</b>	<b>(30,051)</b>	<b>(45,652)</b>

\*Restated. See Note 44.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### **a. Adjustments for Capital Purposes**

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

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

### **b. Adjustments for Employee Benefit Purposes**

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

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

### **c. Other Adjustments**

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

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



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 2. SEGMENTAL INCOME AND EXPENDITURE

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

	Revenues from		Revenues from		Interest Revenues		Interest Expense	
	External Customers		Transactions with other					
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
	£000	£000	£000	£000	£000	£000	£000	£000
Chief Executive's	(65)	(68)	0	0	0	0	0	0
Education & Youth	(4,920)	(4,222)	(2,012)	(2,437)	0	0	0	0
Governance	(1,785)	(1,920)	(1,145)	(1,077)	0	0	0	0
Housing & Communities*	(6,536)	(4,152)	(529)	(463)	0	0	0	0
People & Resources	(328)	(304)	(686)	(184)	0	0	0	0
Planning, Environment & Economy	(2,976)	(3,187)	(225)	(227)	0	0	0	0
Social Services	(11,746)	(10,761)	(136)	(76)	0	0	0	0
Strategic Programmes	(2,795)	(2,411)	0	0	0	0	0	0
Streetscene & Transportation	(25,504)	(23,757)	(914)	(877)	0	0	0	0
Central & Corporate Finance	(4,147)	(9,626)	0	0	(1,508)	(548)	8,417	8,441
HRA	(38,519)	(37,841)	0	0	0	0	4,902	4,909
	<b>(99,321)</b>	<b>(98,249)</b>	<b>(5,647)</b>	<b>(5,341)</b>	<b>(1,508)</b>	<b>(548)</b>	<b>13,319</b>	<b>13,350</b>

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

### 3. INCOME AND EXPENDITURE ANALYSED BY NATURE

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

Nature of Expenses	2022/23	Restated
	£000	2021/22 £000
<b>Expenditure</b>		
Employee benefit expenses	239,858	214,641
Other service expenses	251,638	237,693
Depreciation, amortisation & impairment*	24,282	5,043
Interest payments	13,592	13,674
Precept and levies	32,663	31,262
(Gain) or loss on disposal of non-current assets	(174)	(1,730)
(Gain) or loss on disposal of investment property	(56)	(210)
	<b>561,803</b>	<b>500,373</b>
<b>Income</b>		
Fees, charges and other service income	(92,449)	(89,474)
Grants and contributions	(296,882)	(313,690)
Interest and investment income	(8,401)	(4,901)
Income from council tax and non-domestic rates	(162,771)	(153,417)
	<b>(560,503)</b>	<b>(561,482)</b>
<b>(Surplus) or deficit on the provision of services*</b>	<b>1,300</b>	<b>(61,109)</b>

\*Restated. See Note 44.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 4. OTHER OPERATING EXPENDITURE

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

### 5. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2022/23	2021/22
	£000	£000
Interest payable and similar charges	13,592	13,674
Investment losses and investment expenditure	1,795	741
Net interest on the net defined benefit liability	9,716	8,669
Interest and investment income	(8,400)	(4,901)
Net gain on the disposal of investment properties	(55)	(210)
Movement in expected credit loss on financial assets	39	(76)
	<b>16,687</b>	<b>17,897</b>

### 6. LOCAL TAXATION AND NON-SPECIFIC GRANT INCOME

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

#### 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 1<sup>st</sup> April 2003 (otherwise known as the valuation date). A tenth band (A-) is only available to those taxpayers who live in band 'A' properties and are entitled to a disabled banding reduction.

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

### Analysis of the net proceeds from Council Tax:

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

### Non-Domestic Rates (NDR)

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

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

### Analysis of the net proceeds from NDR:

	2022/23	2021/22
	£000	£000
NDR collected	58,610	50,297
Less - Paid into NDR pool	(61,251)	(64,781)
Less - Cost of collection	(350)	(350)
(Increase)/Decrease in bad debts provision	(64)	302
Relief Schemes	3,055	14,532
	<u><b>0</b></u>	<u><b>0</b></u>
Receipts from pool	55,650	51,318
	<u><b>55,650</b></u>	<u><b>51,318</b></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	
<b>2022/23</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Adjustments involving the Capital Adjustment Account:</b>					
<b>Reversal of items debited or credited to the CIES:</b>					
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
Amortisation of intangible assets	0	0	0	0	0
Capital grants and contributions applied	0	0	0	(30,344)	30,344
REFCUS	4,950	0	0	0	(4,950)
Soft loan accounting adjustments	(177)	0	0	0	177
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	2,332	31	0	0	(2,362)
<b>Inclusion of items not debited or credited to the CIES:</b>					
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
<b>Adjustments involving the Capital Grants Unapplied Account:</b>					
Capital grants and contributions unapplied credited to CIES	(22,810)	(7,633)	0	30,442	0
<b>Adjustments involving the Capital Receipts Reserve:</b>					
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(2,487)	(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
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>					
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(359)	0	0	0	359
<b>Adjustments involving the Pensions Reserve:</b>					
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
<b>Adjustment involving the Accumulated Absences Account:</b>					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,131	28	0	0	(1,159)
<b>Adjustments involving the Deferred Capital Receipts Account:</b>					
Transfer from CIES to deferred Capital Receipts Reserve	0	0	0	0	0
<b>Adjustments between accounting &amp; funding basis under regulations</b>	<b>23,285</b>	<b>(26,653)</b>	<b>1,190</b>	<b>99</b>	<b>2,079</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

	Restated				Unusable Reserves
	Usable Reserves				
	Council Fund Balance	HRA	Capital Receipts Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000
<b>2021/22</b>					
<b>Adjustments involving the Capital Adjustment Account:</b>					
<b>Reversal of items debited or credited to the CIES:</b>					
Charges for depreciation and impairment of non current assets*	6,827	(17,273)	0	0	10,446
Revaluation losses on property, plant and equipment*	14,120	(3,078)	0	0	(11,042)
Movements in the market value of investment properties	(1,903)	0	0	0	1,903
Amortisation of intangible assets	2	0	0	0	(2)
Capital grants and contributions applied	0	0	0	(42,476)	42,476
REFCUS	4,383	0	0	0	(4,383)
Soft loan accounting adjustments	(39)	0	0	0	39
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	321	81	0	0	(402)
<b>Inclusion of items not debited or credited to the CIES:</b>					
Statutory provision for the financing of capital investment	(4,434)	(1,559)	0	0	5,993
Capital expenditure charged against the Council Fund and HRA balances	(1,765)	(16,620)	0	0	18,385
<b>Adjustments involving the Capital Grants Unapplied Account:</b>					
Capital grants and contributions unapplied credited to CIES	(34,548)	(8,545)	0	43,093	0
<b>Adjustments involving the Capital Receipts Reserve:</b>					
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(2,223)	(120)	2,604	0	(262)
Use of the Capital Receipts Reserve to finance new capital expenditure or repay debt	0	0	(185)	0	185
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>					
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(359)	0	0	0	359
<b>Adjustments involving the Pensions Reserve:</b>					
Reversal of items relating to retirement benefits debited or credited to the CIES	43,065	2,601	0	0	(45,666)
Employer's pensions contributions and direct payments to pensioners payable in the year	(23,651)	(1,272)	0	0	24,923
<b>Adjustment involving the Accumulated Absences Account:</b>					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	445	(108)	0	0	(337)
<b>Adjustments involving the Deferred Capital Receipts Account:</b>					
Transfer from CIES to deferred Capital Receipts Reserve	0	0	49	0	(49)
<b>Adjustments between accounting &amp; funding basis under regulations*</b>	<b>241</b>	<b>(45,893)</b>	<b>2,468</b>	<b>617</b>	<b>42,567</b>

\*Restated. See Note 44.

## 8. PROPERTY, PLANT AND EQUIPMENT

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

### Movements 2022/23

	Council Dwellings & Garages	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Community Assets	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>							
At 1st April, 2022	274,181	471,252	36,755	7,254	4,921	12,125	<b>806,488</b>
Additions and Acquisitions	19,820	9,945	5,029	0	195	9,059	<b>44,048</b>
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(250)	4,324	0	0	0	0	<b>4,074</b>
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	6,906	(1,117)	0	(431)	0	0	<b>5,358</b>
Assets Derecognised	(31)	(1,478)	(6,112)	(653)	(453)	0	<b>(8,727)</b>
Reclassifications	0	443	0	(688)	745	0	<b>500</b>
Other movements in cost or valuation	682	4,342	0	0	0	(5,024)	<b>0</b>
<b>At 31st March 2023</b>	<b>301,308</b>	<b>487,711</b>	<b>35,672</b>	<b>5,482</b>	<b>5,408</b>	<b>16,160</b>	<b>851,741</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1st April, 2022	(59)	(16,609)	(17,174)	(1,374)	0	0	<b>(35,216)</b>
Depreciation charge	(4,978)	(16,088)	(4,398)	(34)	0	0	<b>(25,498)</b>
Depreciation written out to the Revaluation Reserve	22	12,654	0	0	0	0	<b>12,676</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	4,958	1,863	0	0	0	0	<b>6,821</b>
Impairments written out to the Revaluation Reserve	80	4,163	0	0	0	0	<b>4,243</b>
Impairments recognised in the Revaluation Reserve	(49)	(5,439)	0	0	0	0	<b>(5,488)</b>
Reversal of Impairments recognised in the Surplus/Deficit	22,380	5,469	0	0	0	0	<b>27,849</b>
Impairments written out to Surplus/Deficit on the Provision of Services	(2,324)	(1,590)	0	0	0	0	<b>(3,914)</b>
Impairments recognised in the Surplus/Deficit on the Provision of Services	(20,055)	(2,012)	0	0	0	0	<b>(22,067)</b>
Assets Derecognised	0	1,478	6,112	0	0	0	<b>7,590</b>
Assets reclassified (to)/from Held for Sale	0	0	0	245	0	0	<b>245</b>
<b>At 31st March 2023</b>	<b>(25)</b>	<b>(16,111)</b>	<b>(15,460)</b>	<b>(1,163)</b>	<b>0</b>	<b>0</b>	<b>(32,759)</b>
<b>Balance Sheet at 31st March 2023</b>	<b>301,283</b>	<b>471,600</b>	<b>20,212</b>	<b>4,319</b>	<b>5,408</b>	<b>16,160</b>	<b>818,982</b>
<b>Balance Sheet at 1st April 2022</b>	<b>274,122</b>	<b>454,643</b>	<b>19,581</b>	<b>5,880</b>	<b>4,921</b>	<b>12,125</b>	<b>771,272</b>
<b>Nature of Asset Holding</b>							
Owned	301,283	471,600	18,164	4,319	5,408	16,160	<b>816,934</b>
Finance Lease	0	0	2,048	0	0	0	<b>2,048</b>
<b>At 31st March 2023</b>	<b>301,283</b>	<b>471,600</b>	<b>20,212</b>	<b>4,319</b>	<b>5,408</b>	<b>16,160</b>	<b>818,982</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

Movements 2021/22	Restated						
	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
<b>Cost or Valuation</b>							
At 1st April, 2021	254,253	392,183	33,140	7,283	4,902	21,082	712,843
Additions and Acquisitions	20,756	21,814	5,963	0	19	7,493	56,045
Revaluation increases / (decreases) recognised in the Revaluation Reserve*	274	91,908	0	(104)	0	0	92,078
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services*	(1,021)	(48,949)	0	(166)	0	0	(50,136)
Assets Derecognised	(81)	(1,725)	(2,348)	(243)	0	0	(4,397)
Reclassifications	0	(429)	0	484	0	0	55
Other movements in cost or valuation	0	16,450	0	0	0	(16,450)	0
<b>At 31st March 2022*</b>	<b>274,181</b>	<b>471,252</b>	<b>36,755</b>	<b>7,254</b>	<b>4,921</b>	<b>12,125</b>	<b>806,488</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1st April, 2021	(22,011)	(60,943)	(14,981)	(1,345)	0	0	(99,280)
Depreciation charge	(4,968)	(13,327)	(4,541)	(34)	0	0	(22,870)
Depreciation written out to the Revaluation Reserve	97	8,080	0	23	0	0	8,200
Depreciation written out to the Surplus/Deficit on the Provision of Services	9,999	41,799	0	0	0	0	51,798
Impairments written out to the Revaluation Reserve	10	682	0	244	0	0	936
Impairments recognised in the Revaluation Reserve	(31)	(5,164)	0	0	0	0	(5,195)
Reversal of Impairments recognised in the Surplus/Deficit	0	1,645	0	16	0	0	1,661
Impairments written out to Surplus/Deficit on the Provision of Services	16,845	8,727	0	(13)	0	0	25,559
Impairments recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Assets Derecognised	0	1,725	2,348	0	0	0	4,073
Assets reclassified (to)/from Held for Sale	0	167	0	(265)	0	0	(98)
<b>At 31st March 2022</b>	<b>(59)</b>	<b>(16,609)</b>	<b>(17,174)</b>	<b>(1,374)</b>	<b>0</b>	<b>0</b>	<b>(35,216)</b>
<b>Balance Sheet at 31st March 2022</b>	<b>274,122</b>	<b>454,643</b>	<b>19,581</b>	<b>5,880</b>	<b>4,921</b>	<b>12,125</b>	<b>771,272</b>
<b>Balance Sheet at 1st April 2021</b>	<b>232,242</b>	<b>331,240</b>	<b>18,159</b>	<b>5,938</b>	<b>4,902</b>	<b>21,082</b>	<b>613,563</b>
<b>Nature of Asset Holding</b>							
Owned	274,122	454,643	16,987	5,880	4,921	12,125	768,678
Finance Lease	0	0	2,594	0	0	0	2,594
<b>At 31st March 2022</b>	<b>274,122</b>	<b>454,643</b>	<b>19,581</b>	<b>5,880</b>	<b>4,921</b>	<b>12,125</b>	<b>771,272</b>

\*Restated. See Note 44.

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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 31<sup>st</sup> March is as follows:

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

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

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

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

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

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

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

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



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 9. INVESTMENT PROPERTIES AND AGRICULTURAL ESTATE

	2022/23	2021/22
	£000	£000
<b>Cost or Valuation</b>		
At 1st April	27,735	25,213
Reclassifications	(500)	664
Additions	71	41
Revaluation increases/(decreases) to Surplus/Deficit	3,005	1,879
Other adjustments	(1,148)	(62)
<b>At 31st March</b>	<b>29,163</b>	<b>27,735</b>
<b>Depreciation and Impairments</b>		
At 1st April	41	24
Reclassifications	245	0
Reversal of Impairments recognised in the Surplus/Deficit	(286)	(24)
Impairment / Depreciation	71	41
<b>At 31st March</b>	<b>71</b>	<b>41</b>
<b>Balance Sheet at 31st March</b>	<b>29,092</b>	<b>27,694</b>

#### Fair Value Measurement of Investment Property

Details of the Council's investment properties and information about the fair value hierarchy as at 31<sup>st</sup> 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
<b>2022/23</b>				
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
	<b>0</b>	<b>11,380</b>	<b>17,712</b>	<b>29,092</b>
<b>2021/22</b>				
Commercial and Industrial Estates	0	0	12,803	12,803
Agricultural Estate - Farms	0	11,615	0	11,615
Agricultural Estate - Grazing land	0	0	3,276	3,276
	<b>0</b>	<b>11,615</b>	<b>16,079</b>	<b>27,694</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

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

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

#### Significant Observable Inputs – Level 2

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

#### Significant Unobservable Inputs – Level 3

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

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

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

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

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

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 10. ASSETS HELD FOR SALE

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

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

### 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 31<sup>st</sup> March is as follows:

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

### Significant Unobservable Inputs – Level 3

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

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

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

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

## 11. LONG TERM INVESTMENTS

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

## 12. LONG TERM DEBTORS

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 13. SHORT TERM DEBTORS

	31 March 2023	31 March 2022
	£000	£000
Housing Rents	2,125	2,044
Council Tax	5,133	4,629
Grants	31,691	30,617
Benefit Overpayments	1,607	1,746
Taxation	6,348	5,202
NDR	4,121	2,057
Lending	131	133
Payments in advance	8,595	8,155
North Wales Economic Ambition Board (NWEAB)	7,214	4,756
Other	11,991	10,439
NHS - Test, Trace, Protect	382	1,099
NHS	3,107	3,882
	<b>82,445</b>	<b>74,759</b>
Allowance for impairment losses and expected credit losses	(3,335)	(3,350)
	<b>79,110</b>	<b>71,409</b>

Analysis of age of Council Tax debt:

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

### 14. SHORT TERM INVESTMENTS

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 15. CASH AND CASH EQUIVALENTS

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

### 16. BORROWING REPAYABLE ON DEMAND OR WITHIN 12 MONTHS

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

### 17. CREDITORS

	31 March 2023	31 March 2022
	£000	£000
<b>Short Term</b>		
Rents received in advance	448	437
Council Tax received in advance and accounts in credit	1,714	1,592
Deposits	438	365
Receipts in advance	6,191	6,747
Receipts in advance - Bus Emergency Scheme	5,150	16,128
Employee related	7,402	7,912
Other	35,518	29,841
	<b>56,861</b>	<b>63,022</b>
<b>Long Term</b>		
Deposits	398	412
Receipts in advance	593	977
Other	149	0
	<b>1,140</b>	<b>1,389</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 18. GRANT INCOME

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

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

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

#### **Credited to Services**

WG

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Grants and Contributions Received in Advance

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

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

### 19. PROVISIONS

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

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

(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 31<sup>st</sup> March each year. The Government has issued regulations that mean local authorities are only required to fund annual leave entitlement and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the accumulated absences account until the benefits are used.

### 20. LONG TERM BORROWING

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

### 21. USABLE RESERVES

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

Earmarked reserves are made up of the following -

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

Movement between earmarked reserves is summarised in the following table:

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

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## NOTES TO THE CORE FINANCIAL STATEMENTS

### 22. UNUSABLE RESERVES

The details of movements on unusable reserves are as follows:

#### Revaluation Reserve

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

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

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

	2022/23		Restated 2021/22	
	£000	£000	£000	£000
Balance at 1st April*		192,915		102,569
Upward revaluation of assets*	45,729		107,351	
Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services*	<u>(30,224)</u>		<u>(11,332)</u>	
Surplus or (deficit) on revaluation of non-current assets not posted to the surplus/deficit on the provision of services*		15,505		96,019
Difference between fair value depreciation and historical cost depreciation	(8,060)		(5,532)	
Accumulated gains on assets sold or scrapped	<u>(279)</u>		<u>(141)</u>	
Amount written off to the capital adjustment account		(8,339)		(5,673)
<b>Balance at 31st March*</b>		<u><b>200,081</b></u>		<u><b>192,915</b></u>

\*Restated. See Note 44.

#### Financial Instruments Adjustment Account

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Pensions Reserve

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

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

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

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

### 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 31<sup>st</sup> March. Statutory arrangements require that the impact on the Council Fund balance is neutralised by transfer to or from the account.

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Capital Adjustment Account

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

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

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

	2022/23		Restated 2021/22	
	£000	£000	£000	£000
Balance at 1st April*		427,276		358,266
Reversal of items relating to capital expenditure debited or credited to the CIES:				
- Charges for depreciation and impairment of non-current assets*		(6,858)		10,447
- Revaluation losses on Property, Plant & Equipment*		(11,401)		(11,042)
- Movements in the market value of investment properties debited or credited to the CIES		3,292		1,903
- Amortisation of intangible assets		0		(2)
- REFCUS		(4,950)		(4,383)
- Soft loan accounting adjustments		177		39
- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES		(2,362)		(402)
		(22,102)		(3,440)
Adjusting amounts written out of the Revaluation Reserve		8,340		5,673
Net written out amount of the cost of non-current assets consumed in the year*		(13,762)		2,233
Capital financing applied in the year:				
- Use of the capital receipts reserve to finance capital expenditure		1,428		0
- Capital grants and contributions credited to the CIES that have been applied to capital financing		30,344		42,476
- Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances		6,046		5,993
- Capital expenditure charged against the Council Fund and HRA balances		14,261		18,385
- Use of the capital receipts reserve to repay debt		195		185
Long term debtors adjustments - Loan repayments		(221)		(263)
		52,053		66,777
<b>Balance at 31st March*</b>		<b>465,567</b>		<b>427,276</b>

\*Restated. See Note 44.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 23. CASH FLOW STATEMENT - OPERATING ACTIVITIES

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

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

### 24. CASH FLOW STATEMENT - INVESTING ACTIVITIES

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

### 25. CASH FLOW STATEMENT - FINANCING ACTIVITIES

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 26. OFFICERS' REMUNERATION

#### Senior Employee Emoluments

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

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

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

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

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



## NOTES TO THE CORE FINANCIAL STATEMENTS

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

**Note 1 :** Employment start date 1st November 2021. Remuneration prior to 1st November 2021 relates to role as Chief Officer Housing & Assets (Portfolio now named Housing & Communities).

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

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

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

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

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

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

### Exit Packages

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 27. MEMBERS' ALLOWANCES

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

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

### 28. RELATED PARTIES

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

#### Welsh and Central Government

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

#### Members

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

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

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

Transactions greater than £0.100m are shown below:

#### No of Members declaring an interest

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

Transactions greater than £0.100m are shown below:

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

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

### Officers

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

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

### Community Asset Transfer (CAT)

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

Transactions greater than £0.100m are shown below:

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

### Associated Companies

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

Other transactions with associated companies are:

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

### Clwyd Pension Fund

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

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

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

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

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

Other transactions with these bodies are:

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Betsi Cadwaladr University Local Health Board (related healthcare activities)

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

### Welsh Joint Education Committee

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

### Welsh Local Government Association

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

## 29. AUDIT FEES

External audit services were provided by Audit Wales.

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 30. NATIONAL HEALTH SERVICES (WALES) ACT 2006

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

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

#### Contribution to Budget

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

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

### 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 1<sup>st</sup> April 2019. Denbighshire County Council is host authority. The transactions for Flintshire County Council only are included in the Social Services line of the CIES.

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 32. AGENCY SERVICES

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

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

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

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

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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



## NOTES TO THE CORE FINANCIAL STATEMENT

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

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

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

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

### 33. OTHER FUNDS ADMINISTERED BY THE COUNCIL

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

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

### 34. CONTINGENT LIABILITIES

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

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

## NOTES TO THE CORE FINANCIAL STATEMENT

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

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

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

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

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

The Council is assessing the outcome and likely implications of a recent Supreme Court Judgement which may have a financial impact, due to the potential for an amendment to the holiday pay calculations for irregular hour's workers, including those who are contracted to work term time only.

### 35. CONTINGENT ASSETS

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

### 36. CRITICAL JUDGEMENTS AND ASSUMPTIONS MADE

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 37. PROVISION FOR REPAYMENT OF EXTERNAL LOANS

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

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

### 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 31<sup>st</sup> March 2023 was £355.311m (£352.570m as at 31<sup>st</sup> March 2022).

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 39. FUTURE CAPITAL COMMITMENTS

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

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

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

### 40. LEASING

#### Lessee Rentals

#### Finance Leases

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

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

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

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## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

### Operating Leases

Operating lease rentals paid are detailed below:

Asset Classification	2022/23	2021/22
	£000	£000
Land	65	67
Buildings	174	159
EFS Fleet Contract	3,020	3,025
Vehicles, plant and equipment	541	565
	<u>3,800</u>	<u>3,816</u>

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

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Lessor rentals

### Operating leases

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

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

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

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

### Finance leases

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

### 41. ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

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

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

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



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 42. FINANCIAL INSTRUMENTS

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

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

Short term debtors (Note 13) includes a further £63.686m (£56.141m in 2021/22) that does not meet the definition required for inclusion as a financial instrument.

	Long-term		Current	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
<b>Financial liabilities at amortised cost</b>				
Principal	290,202	289,517	17,002	15,158
Accrued interest	0	0	2,906	2,878
<b>Borrowing</b>	<b>290,202</b>	<b>289,517</b>	<b>19,908</b>	<b>18,036</b>
Cash overdrawn	0	0	2,427	2,138
<b>Cash &amp; cash equivalents</b>	<b>0</b>	<b>0</b>	<b>2,427</b>	<b>2,138</b>
Finance leases	2,128	2,748	621	591
<b>Deferred liabilities</b>	<b>2,128</b>	<b>2,748</b>	<b>621</b>	<b>591</b>
Trade payables	0	0	35,518	29,841
<b>Within creditors</b>	<b>0</b>	<b>0</b>	<b>35,518</b>	<b>29,841</b>
<b>Total financial liabilities*</b>	<b>292,330</b>	<b>292,265</b>	<b>58,474</b>	<b>50,606</b>
*The total disclosed for financial liabilities in the 2021/22 statement of accounts was £293.222m (long term) and £50.651m (current). This included a Landfill Aftercare Provision of £0.957m (long term) and £0.045m (current). This was misstated as a Financial Instrument.				
<b>Financial assets at amortised cost</b>				
Principal	3,659	3,730	5,000	5,000
Accrued interest	0	0	54	1
<b>Investments</b>	<b>3,659</b>	<b>3,730</b>	<b>5,054</b>	<b>5,001</b>
Cash & cash equivalents	0	0	29,947	45,651
Accrued interest	0	0	87	144
<b>Cash &amp; cash equivalents</b>	<b>0</b>	<b>0</b>	<b>30,034</b>	<b>45,795</b>
Trade receivables	49	48	15,424	15,268
Loans	11,950	12,002	0	0
<b>Within debtors</b>	<b>11,999</b>	<b>12,050</b>	<b>15,424</b>	<b>15,268</b>
<b>Total financial assets</b>	<b>15,658</b>	<b>15,780</b>	<b>50,512</b>	<b>66,064</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

### Material Soft Loans

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

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

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

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

	2022/23		2021/22	
	Financial Liabilities	Financial Assets	Financial Liabilities	Financial Assets
	Measured at Amortised Cost £000		Measured at Amortised Cost £000	
Interest expense	(13,592)	0	(13,674)	0
<b>Interest payable and similar charges</b>	<b>(13,592)</b>	<b>0</b>	<b>(13,674)</b>	<b>0</b>
Interest income	0	1,510	0	550
<b>Interest and investment income</b>	<b>0</b>	<b>1,510</b>	<b>0</b>	<b>550</b>
Net gain/(loss) for the year	<b>(13,592)</b>	<b>1,510</b>	<b>(13,674)</b>	<b>550</b>

## 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 31<sup>st</sup> March 2023, using the following methods and assumptions:

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

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

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Disclosure of nature and extent of risks arising from financial instruments

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

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

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

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

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

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

### Risk – liabilities

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Risk – loans and receivables

#### Long term investments -

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

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

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

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

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

#### Other receivables

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Loans to subsidiaries

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

### 43. PENSIONS

#### Pensions – teachers

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

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

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

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

#### Pensions - Other Employees

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

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

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

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

Further information regarding the Clwyd Pension Fund accounts and the Clwyd Pension Fund Annual Report are available from [www.clwydpensionfund.org.uk](http://www.clwydpensionfund.org.uk).

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Transactions relating to Retirement Benefits

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

	Present value of liabilities		Fair value of assets		Net liability arising from defined benefit obligation	
	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
Local Government Pension Scheme	(825,989)	(1,145,430)	778,979	822,818	(47,010)	(322,612)
Discretionary Benefits Arrangements	(30,713)	(40,210)	0	0	(30,713)	(40,210)
	<b>(856,702)</b>	<b>(1,185,640)</b>	<b>778,979</b>	<b>822,818</b>	<b>(77,723)</b>	<b>(362,822)</b>
					FCC's share of net liability relating to NWEAB	
					0	(118)
					<b>(77,723)</b>	<b>(362,940)</b>

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

Reconciliation of present value of the scheme liabilities:-

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

Reconciliation of fair value of the LGPS assets:

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

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## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

	2022/23		2021/22	
	£000	£000	£000	£000
Equity investments:				
Global Quoted*	45,181		88,041	
Emerging Markets*	39,728		74,054	
		84,909		162,095
Bonds:				
Overseas Other	79,456		82,282	
LDI*	214,219		209,819	
		293,675		292,101
Property:				
UK*	41,286		41,141	
Overseas	6,232		8,228	
		47,518		49,369
Cash:				
Cash Instruments	34,275		26,330	
		34,275		26,330
Alternatives:				
Hedge Funds	56,086		53,483	
Private Equity	101,267		87,219	
Infrastructure	45,181		39,495	
Timber & Agriculture	3,895		4,114	
Private Credit	21,032		17,279	
DGF	91,141		91,333	
		318,602		292,923
		<u>778,979</u>		<u>822,818</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 31<sup>st</sup> March 2022. The significant assumptions used by the actuary are:

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

### Impact on cash flows

Regulations governing the scheme require actuarial valuation to be carried out every three years. Contributions for each employer are set having regard to their individual circumstances. The Regulations require the contributions to be set with a view to targeting the scheme's solvency, and the detailed provisions are set out in the Clwyd Pension Fund Funding Strategy Statement. The most recent valuation was carried out as at 31<sup>st</sup> 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 31<sup>st</sup> March 2024 are £22.907m.

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Impact of 'McCloud' Judgement

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

### COVID-19/Ukraine

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

## 44. PRIOR PERIOD ADJUSTMENTS – NON-CURRENT ASSETS

### Adjustment 1

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

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

### Adjustment 2

A number of Non-Current Assets were identified to have a Revaluation Reserve and an accumulated debit balance (historic losses and impairments) accounted for in the Capital Adjustment Account.

As per the Code of Practice on Local Authority Accounting these balances cannot exist simultaneously. (The adjustment is £14.489m to the 2021/22 opening balances and £9.671m in year adjustments).

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Comprehensive Income & Expenditure Statement

	Gross Expenditure			Net Expenditure				
	Original			Restated	Original			Restated
	2021/2022			2021/2022	2021/2022			2021/2022
	Accounts	Adj 1	Adj 2	Accounts	Accounts	Adj 1	Adj 2	Accounts
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Service Expenditure Analysis</b>								
Chief Executive's	2,543	0	0	2,543	2,475	0	0	2,475
Education & Youth	158,200	(11,498)	8,952	155,654	116,104	(11,498)	8,952	113,558
Governance	15,095	0	0	15,095	11,250	0	0	11,250
Housing & Assets	43,511	0	70	43,581	5,892	0	70	5,962
People & Resources	5,399	0	0	5,399	5,017	0	0	5,017
Planning, Environment & Economy	14,828	0	37	14,865	6,681	0	37	6,718
Social Services	125,419	0	0	125,419	89,807	0	0	89,807
Strategic Programmes	10,733	(3,756)	654	7,631	8,253	(3,756)	654	5,151
Streetscene & Transportation	71,570	0	(42)	71,528	38,550	0	(42)	38,508
Central & Corporate Finance	8,412	35	0	8,447	5,288	35	0	5,323
HRA	11,061	(13,949)	0	(2,888)	(27,158)	(13,949)	0	(41,107)
<b>Total</b>	<b>466,771</b>	<b>(29,168)</b>	<b>9,671</b>	<b>447,274</b>	<b>262,159</b>	<b>(29,168)</b>	<b>9,671</b>	<b>242,662</b>
(Surplus)/deficit on the provision of services					(41,612)	(29,168)	9,671	(61,109)
(Surplus)/deficit arising on revaluation of non current assets					(115,517)	29,168	(9,671)	(96,020)

### Expenditure & Funding Analysis

	Adjustments between Funding & Accounting Basis			
	Original			Restated
	2021/2022			2021/2022
	Accounts	Adj 1	Adj 2	Accounts
	£000	£000	£000	£000
Chief Executive's	178	0	0	178
Education & Youth	7,001	(11,498)	8,952	4,455
Governance	3,203	0	0	3,203
Housing & Assets	(6,625)	0	70	(6,555)
People & Resources	673	0	0	673
Planning, Environment & Economy	1,074	0	37	1,111
Social Services	12,566	0	0	12,566
Strategic Programmes	509	(3,756)	654	(2,593)
Streetscene & Transportation	7,402	0	(42)	7,360
Central & Corporate Finance	(16,994)	35	0	(16,959)
HRA	(28,828)	(13,949)	0	(42,777)
<b>Cost of services</b>	<b>(19,841)</b>	<b>(29,168)</b>	<b>9,671</b>	<b>(39,338)</b>
Other Income and Expenditure	(6,314)	0	0	(6,314)
<b>(Surplus)/deficit on the provision of services</b>	<b>(26,155)</b>	<b>(29,168)</b>	<b>9,671</b>	<b>(45,652)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Note 1. Note to Expenditure & Funding Analysis

	Adjustments for Capital Purposes			Restated 2021/2022 Accounts £000
	Original 2021/2022 Accounts £000	Adj 1 £000	Adj 2 £000	
	Chief Executive's	0	0	
Education & Youth	4,554	(11,498)	8,952	2,008
Governance	1,946	0	0	1,946
Housing & Assets	4,066	0	70	4,136
People & Resources	0	0	0	0
Planning, Environment & Economy	1,130	0	37	1,167
Social Services	9,376	0	0	9,376
Strategic Programmes	3,378	(3,756)	654	276
Streetscene & Transportation	7,096	0	(42)	7,054
Central & Corporate Finance	(665)	35	0	(630)
HRA	(6,403)	(13,949)	0	(20,352)
<b>Cost of services</b>	<b>24,478</b>	<b>(29,168)</b>	<b>9,671</b>	<b>4,981</b>
Other Income and Expenditure from the EFA	(41,660)	0	0	(41,660)
<b>Difference between CF / HRA surplus / deficit and CIES surplus / deficit</b>	<b>(17,182)</b>	<b>(29,168)</b>	<b>9,671</b>	<b>(36,679)</b>

	Original 2021/2022 Accounts £000	Adj 1 £000	Adj 2 £000	Restated 2021/2022 Accounts £000
<b>Balance Sheet</b>				
Revaluation Reserve	226,902	(29,168)	(4,818)	192,915
Capital Adjustment Account	393,289	29,168	4,818	427,276
<b>Cash Flow Statement</b>				
Surplus/(deficit) on the provision of services	41,612	29,168	(9,671)	61,109
Adjustment to surplus or deficit on the provision of services for non cash movements	65,962	(29,168)	9,671	46,465
<b>Note 3. Income &amp; Expenditure Analysed by Nature</b>				
Depreciation, amortisation & impairment	24,540	(29,168)	9,671	5,043
<b>Note 22. Unusable Reserves</b>				
<b>Revaluation Reserve</b>				
Balance at 1st April	117,058	0	(14,489)	102,569
Upward revaluation of assets	126,929	(29,168)	9,591	107,351
Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	(11,412)	0	80	(11,332)
<b>Capital Adjustment Account</b>				
Balance at 1st April	343,777	0	14,489	358,266
Charges for depreciation and impairment on non current assets	(2,150)	21,278	(8,682)	10,447
Revaluation losses on PP&E	(17,943)	7,890	(989)	(11,042)
<b>HRA Income and Expenditure</b>				
Depreciation and impairment of non-current assets	(6,402)	(13,949)	0	(20,351)

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Movement in Reserves Statement

	Council Fund Balance				HRA Balance				Total Unusable Reserves			
	Original 2021/2022 Accounts £000	Adj 1 £000	Adj 2 £000	Restated 2021/2022 Accounts £000	Original 2021/2022 Accounts £000	Adj 1 £000	Adj 2 £000	Restated 2021/2022 Accounts £000	Original 2021/2022 Accounts £000	Adj 1 £000	Adj 2 £000	Restated 2021/2022 Accounts £000
	Total comprehensive income and expenditure	11,338	15,219	(9,671)	16,886	30,275	13,949	0	44,224	203,863	(29,168)	9,671
Adjustments between accounting and funding basis under regulations	5,789	(15,219)	9,671	241	(31,944)	(13,949)	0	(45,893)	23,070	29,168	(9,671)	42,567

### Note 7. Adjustments between accounting and funding basis under regulations

Charges for depreciation and impairment on non current assets	8,614	(10,469)	8,682	6,827	(6,464)	(10,809)	0	(17,273)	(2,150)	21,278	(8,682)	10,446
Revaluation losses on Property, Plant and Equipment	17,881	(4,750)	989	14,120	62	(3,140)	0	(3,078)	(17,943)	7,890	(989)	(11,042)

### Note 8. Property, Plant & Equipment

	Original 2021/2022 Accounts		Adj 1		Adj 2		Restated 2021/2022 Accounts	
	Council Dwellings & Garages £000	Other Land & Buildings £000	Council Dwellings & Garages £000	Other Land & Buildings £000	Council Dwellings & Garages £000	Other Land & Buildings £000	Council Dwellings & Garages £000	Other Land & Buildings £000
	Revaluation increases / (decreases) recognised in the Revaluation Reserve	14,223	97,456	(13,949)	(15,219)	0	9,671	274
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(14,970)	(54,497)	13,949	15,219	0	(9,671)	(1,021)	(48,949)

## HOUSING REVENUE ACCOUNT - INCOME AND EXPENDITURE STATEMENT

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

	2022/23		Restated 2021/22	
	£000	£000	£000	£000
<b>Expenditure</b>				
Repairs and maintenance		10,868		9,605
Management and supervision		6,218		5,593
Specialist services		1,902		1,780
Rents, rates, taxes and other charges		161		145
Depreciation and impairment of non-current assets*		(6,395)		(20,351)
Debt management costs		38		41
Increase in bad debt provision		290		299
		<u>13,082</u>		<u>(2,888)</u>
<b>Income</b>				
Dwelling rents (gross)	36,783		36,093	
Non-dwelling rents (gross)	<u>347</u>		<u>379</u>	
		37,130		36,472
Charges for services and facilities		985		1,350
Reimbursement of costs		404		0
Contribution towards expenditure		314		397
		<u>38,833</u>		<u>38,219</u>
<b>Net cost of HRA services as included in the Council's CIES*</b>		<b>(25,751)</b>		<b>(41,107)</b>
<b>Other Operating Expenditure</b>				
Net (gain) / loss on the disposal of non-current assets		(74)		(39)
Admin. expenses on the net defined benefit liability		49		45
<b>Financing and Investment Income and Expenditure</b>				
Interest payable and similar charges		4,902		4,909
Net interest on the net defined benefit liability		554		483
Movement in expected credit losses on financial assets		62		30
<b>Taxation and Non-Specific Grant (Income)</b>				
Capital grants and contributions receivable		(7,633)		(8,545)
<b>Total (surplus) / deficit for the year on HRA services *</b>		<u><b>(27,891)</b></u>		<u><b>(44,224)</b></u>

\*Restated. See Note 44.

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

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

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

\*Restated. See Note 44.

### 1. LEGISLATION

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

### 2. HOUSING STOCK

The type and number of dwellings were:-

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

### 3. RENT ARREARS

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

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



## NOTES TO THE HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

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

### 4. NON-CURRENT ASSET ACCOUNTING

#### Capital Expenditure and Financing

HRA capital expenditure was incurred as follows;

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

Financed as follows:-

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

#### MRA

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

#### Capital Receipts

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

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

## NOTES TO THE HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

### Depreciation

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

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

### Impairment Losses and Revenue Expenditure Funded from Capital Under Statute

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

### 5. HRA SHARE OF CONTRIBUTIONS TO / FROM PENSIONS RESERVE

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

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

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

## STATEMENT OF ACCOUNTING POLICIES

### General Principles

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

### Accruals of Income and Expenditure

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

### Borrowing Costs

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

### Capital Receipts

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

### Cash and Cash Equivalents

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

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

### Charges to Revenue for Non Current Assets

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

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

## STATEMENT OF ACCOUNTING POLICIES

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

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

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

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

### **Employee Benefits**

#### ***Benefits Payable during Employment***

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

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

#### ***Termination Benefits***

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

## STATEMENT OF ACCOUNTING POLICIES

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

### ***Post Employment Benefits***

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

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

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

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

### ***The LGPS***

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

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

## STATEMENT OF ACCOUNTING POLICIES

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

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

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

### ***Discretionary Benefits***

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

### **Events After the Reporting Period**

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

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

## STATEMENT OF ACCOUNTING POLICIES

### **Fair Value Measurement**

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

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

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

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

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

### **Financial Instruments**

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

### ***Financial Liabilities***

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

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

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

## STATEMENT OF ACCOUNTING POLICIES

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

### ***Financial Assets***

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

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

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

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

### ***Financial Assets Measured at Amortised Cost***

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

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

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

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



## STATEMENT OF ACCOUNTING POLICIES

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

### **Government Grants and Contributions**

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

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

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

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

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

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

### **Heritage Assets**

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

#### ***Historical Buildings***

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

#### ***Operational***

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

## STATEMENT OF ACCOUNTING POLICIES

### ***Non-Operational***

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

### ***Collections:-***

#### ***County Archives***

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

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

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

#### ***County Museum***

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

### ***Intangible Assets***

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

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

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

## STATEMENT OF ACCOUNTING POLICIES

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

	Years
Software licences	5
Development expenditure	7

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

### Interest Charges

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

### Inventory

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

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

All other stock is measured at cost.

### Investments

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

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

### Investment Property

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

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

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

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

## STATEMENT OF ACCOUNTING POLICIES

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

### **Joint Committees**

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

### **Leases**

#### ***Finance Leases***

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

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

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

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

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

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

#### ***Operating Leases***

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

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

## STATEMENT OF ACCOUNTING POLICIES

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

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

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

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

### Property, Plant and Equipment

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

#### Recognition

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

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

#### Measurement

Assets are initially measured at cost, comprising:-

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

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

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

## STATEMENT OF ACCOUNTING POLICIES

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

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

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

### Revaluation

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

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

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

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

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

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

### Impairment

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

## STATEMENT OF ACCOUNTING POLICIES

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

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

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

### Depreciation

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

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

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

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

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

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

### Componentisation

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

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

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

## STATEMENT OF ACCOUNTING POLICIES

### **Derecognition of Property, Plant and Equipment**

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

### **Disposals and Non-Current Assets Held for Sale**

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

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

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

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

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

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

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

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

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



## STATEMENT OF ACCOUNTING POLICIES

### Provisions, Contingent Liabilities and Contingent Assets

#### Provisions

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

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

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

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

#### Contingent Liabilities

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

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

#### Contingent Assets

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

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

#### Schools

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

#### Non-Current Assets - Schools

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

## STATEMENT OF ACCOUNTING POLICIES

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

### **Subsidiaries**

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

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

### **Reserves**

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

### **REFCUS**

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

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

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

### **Value Added Tax (VAT)**

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

## GROUP ACCOUNTS

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

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

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

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

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

The Group Accounts include:

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

### NEW Homes

NEW Homes was established on 3<sup>rd</sup> 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](http://www.northeastwaleshomes.co.uk).

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

## GROUP ACCOUNTS

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

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

### **Newydd Catering & Cleaning Ltd**

Newydd Catering & Cleaning Ltd a local authority trading company incorporated on 28<sup>th</sup> 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](http://www.newydd.wales).

### **Risk Management**

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

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

### **Accounting Policies**

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

## GROUP MOVEMENT IN RESERVES STATEMENT

	Council Fund Reserves £000	Other Usable Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves of the Council £000	Subsidiary Reserves £000	Total Group Reserves £000
<b>At 31st March 2022</b>	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)
<b>Net increase/(decrease) before transfers</b>	<b>(29,191)</b>	<b>27,891</b>	<b>(1,300)</b>	<b>327,795</b>	<b>326,495</b>	<b>2,835</b>	<b>329,330</b>
Adjustments between accounting and funding basis under regulations	23,285	(25,364)	(2,078)	2,078	0	0	0
<b>Increase/(decrease) in year</b>	<b>(5,906)</b>	<b>2,527</b>	<b>(3,378)</b>	<b>329,873</b>	<b>326,495</b>	<b>2,835</b>	<b>329,330</b>
<b>At 31st March 2023</b>	<b>49,720</b>	<b>40,766</b>	<b>90,489</b>	<b>576,599</b>	<b>667,088</b>	<b>11,005</b>	<b>678,093</b>

### Restated

	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
<b>At 31st March 2021</b>	38,500	36,823	75,323	19,792	95,115	5,417	100,532
Total comprehensive income and expenditure*	19,674	44,224	63,898	184,366	248,264	6,065	254,329
Adjustments between group accounts and authority accounts	(2,788)	0	(2,788)	0	(2,788)	(3,312)	(6,100)
<b>Net increase/(decrease) before transfers*</b>	<b>16,886</b>	<b>44,224</b>	<b>61,110</b>	<b>184,366</b>	<b>245,476</b>	<b>2,753</b>	<b>248,229</b>
Adjustments between accounting and funding basis under regulations*	241	(42,808)	(42,567)	42,567	0	0	0
<b>Increase/(decrease) in year</b>	<b>17,127</b>	<b>1,416</b>	<b>18,543</b>	<b>226,933</b>	<b>245,476</b>	<b>2,753</b>	<b>248,229</b>
<b>At 31st March 2022</b>	<b>55,627</b>	<b>38,239</b>	<b>93,866</b>	<b>246,725</b>	<b>340,591</b>	<b>8,170</b>	<b>348,761</b>

\*Restated. See Note 2 (Group Accounts)

## GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2022/23			Restated 2021/22		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
<b>Service Expenditure Analysis</b>						
Chief Executive's	1,888	(65)	1,823	2,543	(68)	2,475
Education & Youth*	180,978	(36,736)	144,242	151,298	(42,096)	109,202
Governance	16,574	(2,072)	14,502	15,089	(3,779)	11,310
Housing & Communities**	47,105	(39,303)	7,802	43,849	(38,658)	5,191
People & Resources	5,998	(475)	5,523	5,399	(170)	5,229
Planning, Environment & Economy	15,872	(7,066)	8,806	14,864	(8,134)	6,730
Social Services	126,723	(30,790)	95,933	124,385	(35,621)	88,764
Strategic Programmes*	16,814	(4,888)	11,926	14,713	(3,689)	11,024
Streetscene & Transportation	74,703	(25,424)	49,279	71,473	(32,899)	38,574
Central & Corporate Finance*	6,905	(2,488)	4,417	8,447	(3,109)	5,338
HRA*	13,082	(38,812)	(25,730)	(2,888)	(38,219)	(41,107)
<b>Cost of services*</b>	<b>506,642</b>	<b>(188,119)</b>	<b>318,523</b>	<b>449,172</b>	<b>(206,442)</b>	<b>242,730</b>
Other Operating Expenditure			33,335			30,322
Financing and Investment (Income) and Expenditure			17,279			18,490
Taxation and Non-Specific Grant (Income)			(366,899)			(351,969)
<b>(Surplus)/deficit on the provision of services*</b>			<b>2,238</b>			<b>(60,427)</b>
Tax expenses of subsidiary			(76)			(182)
<b>Group (surplus)/deficit*</b>			<b>2,162</b>			<b>(60,609)</b>
(Surplus)/deficit arising on revaluation of non-current assets*			(15,433)			(96,020)
(Surplus)/deficit arising on revaluation of available-for-sale financial assets			0			0
Tax relating to other comprehensive income			1,207			385
Actuarial (gains) or losses on pension assets and liabilities			(317,189)			(90,619)
<b>Total comprehensive (income) and expenditure</b>			<b>(329,253)</b>			<b>(246,863)</b>

\*Restated. See Note 2 (Group Accounts)\*

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

## GROUP BALANCE SHEET

	Note	31 March 2023		31 March 2022	
		£000	£000	£000	£000
<b>NON-CURRENT ASSETS</b>					
<b>Property, Plant &amp; Equipment</b>					
Council dwellings		301,283		274,122	
Other land and buildings		497,759		481,376	
Vehicles, plant, furniture and equipment		20,413		19,791	
Surplus assets		4,319		5,880	
Infrastructure assets		156,994		157,785	
Community assets		5,408		4,921	
Assets under construction		16,160		12,125	
<b>Total Property, Plant &amp; Equipment</b>	<b>1</b>	<b>1,002,336</b>		<b>956,000</b>	
Investment properties and agricultural estate			29,092		27,694
Intangible assets			0		0
Long term investments			0		0
Long term debtors*			2,303		2,253
Deferred Tax Asset*			0		1,079
<b>NON-CURRENT ASSETS TOTAL</b>			<b>1,033,731</b>		<b>987,026</b>
<b>CURRENT ASSETS</b>					
Inventories		850		784	
Short term debtors (net of impairment provision)		78,869		71,219	
Short term investments		5,054		5,001	
Cash and cash equivalents		29,369		45,671	
Assets held for sale		306		383	
<b>CURRENT ASSETS TOTAL</b>			<b>114,448</b>		<b>123,058</b>
<b>CURRENT LIABILITIES</b>					
Borrowing repayable on demand or within 12 months		(19,908)		(18,036)	
Short term creditors		(56,887)		(63,333)	
Provision for accumulated absences		(6,722)		(5,563)	
Deferred liabilities		(621)		(591)	
Grants receipts in advance		(3,737)		(6,697)	
Provisions*		(52)		(45)	
<b>CURRENT LIABILITIES TOTAL</b>			<b>(87,927)</b>		<b>(94,265)</b>
<b>NON-CURRENT LIABILITIES</b>					
Long term creditors		(1,140)		(1,389)	
Long term borrowing		(290,201)		(289,517)	
Deferred liabilities		(2,128)		(2,748)	
Provisions		(1,067)		(957)	
Other long term liabilities		(77,723)		(367,258)	
Grants receipts in advance		(6,268)		(1,535)	
Deferred Tax Liability*		(3,632)		(3,653)	
<b>NON-CURRENT LIABILITIES TOTAL</b>			<b>(382,159)</b>		<b>(667,057)</b>
<b>NET ASSETS</b>			<b>678,093</b>		<b>348,762</b>

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

## GROUP BALANCE SHEET

	Note	31 March 2023		Restated 31 March 2022	
		£000	£000	£000	£000
<b>USABLE RESERVES</b>					
Capital receipts reserve		19,149		17,959	
Capital grants unapplied		15,142		15,043	
Council Fund		19,162		18,438	
Profit and Loss reserve		2,806		(657)	
Earmarked reserves		30,558		37,187	
HRA		6,477		5,239	
<b>USABLE RESERVES TOTAL</b>			<b>93,294</b>		<b>93,209</b>
<b>UNUSABLE RESERVES</b>					
Revaluation Reserve*		208,280		201,742	
Capital Adjustment Account *		465,567		427,276	
Financial Instruments Adjustment Account		(4,652)		(5,011)	
Pensions Reserve		(77,723)		(362,940)	
Deferred capital receipts		49		49	
Accumulated Absences Account		(6,722)		(5,563)	
<b>UNUSABLE RESERVES TOTAL</b>			<b>584,799</b>		<b>255,553</b>
<b>TOTAL RESERVES</b>			<b>678,093</b>		<b>348,762</b>

\*Restated. See Note 2 (Group Accounts)



## GROUP CASH FLOW STATEMENT

	2022/23		Restated 2021/22	
	£000	£000	£000	£000
Net surplus or (deficit) on the provision of services*	(1,588)		61,184	
Adjustment to surplus or deficit on the provision of services for non-cash movements*	33,599		46,432	
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	<u>(33,033)</u>		<u>(45,486)</u>	
Net cash flows from operating activities		(1,022)		62,130
Net cash flows from investing activities	(17,114)		(13,232)	
Net cash flows from financing activities	<u>1,835</u>		<u>(42,432)</u>	
<b>Net increase or decrease in cash and cash equivalents</b>		<u>(15,279)</u> (16,301)		<u>(55,664)</u> 6,466
Cash and cash equivalents at the beginning of the reporting period		45,668		39,202
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>29,367</b>		<b>45,668</b>

\*Restated. See Note 2 (Group Accounts).

## NOTES TO THE GROUP ACCOUNTS

### 1. PROPERTY, PLANT AND EQUIPMENT

	Flintshire County Council £000	NEW Homes £000	Newydd Catering & Cleaning Ltd £000	Group £000
<b>Net Book Value at 31st March 2023</b>				
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
	<b>975,977</b>	<b>26,159</b>	<b>201</b>	<b>1,002,337</b>

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

### 2. PRIOR PERIOD ADJUSTMENT – NON CURRENT ASSETS

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

#### Group Movement in Reserves Statement

	Council Fund Reserves			Other Usable Reserves				Unusable Reserves			Restated 2021/2022 Accounts £000	
	Original 2021/2022 Accounts £000	Adj 1 £000	Adj 2 £000	Restated 2021/2022 Accounts £000	Original 2021/2022 Accounts £000	Adj 1 £000	Adj 2 £000	Restated 2021/2022 Accounts £000	Original 2021/2022 Accounts £000	Adj 1 £000		Adj 2 £000
Total comprehensive income and expenditure	14,126	15,219	(9,671)	19,674	30,275	13,949	0	44,224	203,863	(29,168)	9,671	184,366
Adjustments between accounting and funding basis under regulations	5,789	(15,219)	9,671	241	(28,859)	(13,949)	0	(42,808)	23,070	29,168	(9,671)	42,567

## NOTES TO THE GROUP ACCOUNTS

### Group Comprehensive Income & Expenditure Statement

	Gross Expenditure				Net Expenditure			
	Original 2021/2022 Accounts	Adj 1	Adj 2	Restated 2021/2022 Accounts	Original 2021/2022 Accounts	Adj 1	Adj 2	Restated 2021/2022 Accounts
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Service Expenditure Analysis</b>								
Chief Executive's	2,543	0	0	2,543	2,475	0	0	2,475
Education & Youth	153,844	(11,498)	8,952	151,298	111,748	(11,498)	8,952	109,202
Governance	15,089	0	0	15,089	11,310	0	0	11,310
Housing & Assets	43,779	0	70	43,849	5,121	0	70	5,191
People & Resources	5,399	0	0	5,399	5,229	0	0	5,229
Planning, Environment & Economy	14,827	0	37	14,864	6,693	0	37	6,730
Social Services	124,385	0	0	124,385	88,764	0	0	88,764
Strategic Programmes	17,815	(3,756)	654	14,713	14,126	(3,756)	654	11,024
Streetscene & Transportation	71,515	0	(42)	71,473	38,616	0	(42)	38,574
Central & Corporate Finance	8,412	35	0	8,447	5,303	35	0	5,338
HRA	11,060	(13,949)	0	(2,889)	(27,159)	(13,949)	0	(41,107)
<b>Total</b>	<b>468,668</b>	<b>(29,168)</b>	<b>9,671</b>	<b>449,171</b>	<b>262,226</b>	<b>(29,168)</b>	<b>9,671</b>	<b>242,730</b>
(Surplus)/deficit on the provision of services					(40,931)	(29,168)	9,671	(60,427)
Group (surplus)/deficit					(41,113)	(29,168)	9,671	(60,609)
(Surplus)/deficit arising on revaluation of non current assets					(115,517)	29,168	(9,671)	(96,020)

	Original 2021/2022 Accounts	Adj 1	Adj 2	Restated 2021/2022 Accounts
	£000	£000	£000	£000
<b>Group Balance Sheet</b>				
Revaluation Reserve	235,729	(29,168)	(4,818)	201,742
Capital Adjustment Account	393,289	29,168	4,818	427,276
<b>Group Cash Flow Statement</b>				
Surplus/(deficit) on the provision of services	41,687	29,168	(9,671)	61,184
Adjustment to surplus or deficit on the provision of services for non cash movements	65,929	(29,168)	9,671	46,432

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

## Opinion on financial statements

I have audited the financial statements of:

- Flintshire County Council; and
- Flintshire County Council's Group

for the year ended 31 March 2023 under the Public Audit (Wales) Act 2004.

Flintshire County Council's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Movement in Reserves Statement, the Housing Revenue Account Income and Expenditure Statement and the related notes, including a summary of significant accounting policies.

Flintshire County Council's Group financial statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet, the Group Cash Flow Statement and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of Flintshire County Council and Flintshire County Council's Group as at 31 March 2023 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

## Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of Flintshire County Council and the group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Flintshire County Council and the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

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

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

## Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- The information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

## Matters on which I report by exception

In the light of the knowledge and understanding of Flintshire County Council and the group and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit;
- Adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team.
- The financial statements are not in agreement with the accounting records and returns.

## Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 11 of the Statement of Accounts, the responsible financial officer is responsible for:

- The preparation of the statement of accounts, including Flintshire County Council's Group Accounts, which give a true and fair view and comply with proper practices.
- Maintaining proper accounting records.
- Internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

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

- Assessing Flintshire County Council and the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by the Flintshire County Council and the group will not continue to be provided in the future.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the Council's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Flintshire County Council and group's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or noncompliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition, posting of unusual journals, bias in accounting estimates and significant transaction outside the normal course of business.
- Obtaining an understanding of Flintshire County Council and group's framework of authority as well as other legal and regulatory frameworks that Flintshire County Council and group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Flintshire County council and group.
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- Enquiring of management, the Governance and Audit Committee and legal advisors about actual and potential litigation and claims.
- Reading minutes of meetings of those charged with governance.
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Flintshire County Council and group's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### **Other auditor's responsibilities**

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### **Certificate of completion of audit**

I certify that I have completed the audit of the accounts of Flintshire County Council and group in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton  
Auditor General for Wales  
April 2024

1 Capital Quarter  
Tyndall Street, Cardiff  
CF10 4BZ

ANNUAL GOVERNANCE STATEMENT

2022/23

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

Tudalen 128



## ANNUAL GOVERNANCE STATEMENT

### What is the purpose of this document?

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

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

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

### What is Governance?

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

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

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

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

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

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

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

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

## ANNUAL GOVERNANCE STATEMENT

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

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

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

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

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

## ANNUAL GOVERNANCE STATEMENT

### What is the Annual Governance Statement?

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

In this document, we, the Council:

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

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

### How has the Annual Governance Statement been prepared?

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

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

In preparing the Annual Governance Statement, we have:

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

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

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

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

## What are the key principles of the Corporate Governance Framework?

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

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

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

## ANNUAL GOVERNANCE STATEMENT

### Contributors to an effective Governance Framework

Council	<ul style="list-style-type: none"> <li>• Approves the Council Plan</li> <li>• Endorses the Constitution</li> </ul>
Cabinet	<ul style="list-style-type: none"> <li>• Primary decision making body of the Council</li> <li>• Comprises of the Leader of the Council and Cabinet Members who have responsibility for specific portfolios</li> </ul>
Governance & Audit Committee	<ul style="list-style-type: none"> <li>• 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</li> </ul>
Standards Committee	<ul style="list-style-type: none"> <li>• Standards Committee promotes high standards of conduct by elected and co-opted Members and monitors the operation of the Members' Code of conduct</li> <li>• Constitution &amp; Democratic Services Committee considers and proposes changes to the Constitution and the Code of Corporate Governance</li> </ul>
Tudalen 135 Portfolio	<ul style="list-style-type: none"> <li>• Track efficiencies, highlighting risk and mitigating actions to achievement</li> <li>• Consider the robustness of efficiency planning and forecasting and consider resourcing of planned delivery</li> </ul>
Tudalen 135 Review & Scrutiny Committees	<ul style="list-style-type: none"> <li>• Review and scrutinise the decisions and performance of Council, Cabinet, and Committees</li> <li>• Review and scrutinise the decisions and performance of other public bodies including partnerships</li> <li>• Assists the Council and Cabinet in the development of the Budget and Policy framework by in-depth analysis of policy issues</li> <li>• Established the Chair/Vice Chair Liaison Group</li> </ul>
Chief Officer Team & Service Managers	<ul style="list-style-type: none"> <li>• Set governance standards</li> <li>• Lead and apply governance standards across portfolios</li> <li>• Undertake annual self-assessment</li> </ul>
Internal Audit	<ul style="list-style-type: none"> <li>• Provide an annual independent and objective opinion on the adequacy and effectiveness of internal control, risk management and governance arrangements</li> <li>• Investigates fraud and irregularity</li> </ul>

## ANNUAL GOVERNANCE STATEMENT

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

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

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



# ANNUAL GOVERNANCE STATEMENT

## Flintshire County Council Corporate Governance Framework

### Public Key Documents: Annual Review / Production

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

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

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

### Contributing Processes Regulatory Monitoring

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

ANNUAL GOVERNANCE STATEMENT

2022/23

Flintshire County Council  
Annual Governance Statement  
Enclosure 2

Tudalen 138

### What is the Purpose of this Document?

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

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

## 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; and
  - Report on any governance issues identified from this review and provide a commitment to addressing them.
- In referring to the Council, this includes its group relationship with other entities such as New Homes and Newydd

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

## ANNUAL GOVERNANCE STATEMENT

### Where We Are Now Since the COVID-19 Pandemic

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

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

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

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## Independent Assurance

### Audit Wales Annual Audit Summary

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

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

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### Internal Audit Annual Opinion

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

## Governance and Audit Committee

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

## ANNUAL GOVERNANCE STATEMENT

# Chief Finance Officer Statement on Compliance with the Financial Management Code

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

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

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

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

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

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

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

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

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

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

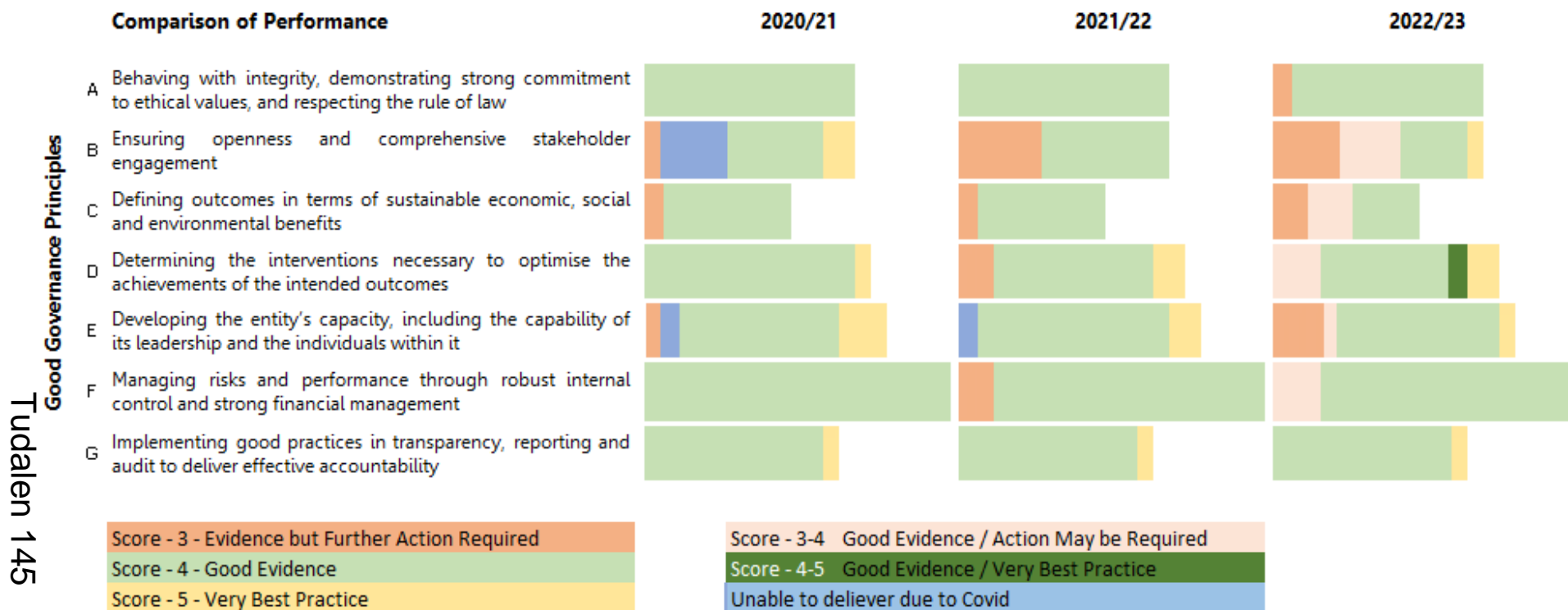
## ANNUAL GOVERNANCE STATEMENT

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



## ANNUAL GOVERNANCE STATEMENT

### Comparison of the Effectiveness of the Council’s Governance Framework



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

#### Areas of Very Best Practice:

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

## ANNUAL GOVERNANCE STATEMENT

### Further Action Required:

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

## The Main Themes Identified for Improvement for 2022/23

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

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

Furthermore, an Annual Governance Questionnaire was provided to Cabinet and Chairs and Vice Chairs of Overview and Scrutiny Committees, with the aim of the questionnaire being to determine if Members agreed with the themes that had been identified as areas for improvement.

The four themes identified for improvement are;

- **Improvement in Internal and external stakeholder engagement, consultation and participation**
  - Enhanced decision making to ensure the most appropriate course of action is taken.
  - The ability to receive and use feedback to shape service improvement, including improved complaints handling.
  - Ensuring inclusivity with stakeholder groups and encouragement of public participation.
  - Improved social media presence.
- **Development of the Integrated Impact Assessments (IIAs)**
  - This will ensure FCC assess the impact of their decisions and policies on equality groups, the environment, the economy, and other areas of interest prior to policy / strategy changes.
- **Sustainability of Resources and Resilience of Workforce**
  - Effectively managing service expectations with the resources available with all stakeholders especially
  - Developing and retaining the workforce capacity, recruitment and retention following a pay modelling review.
  - Increase the use of the Welsh language within the workforce.
- **Members Training due to the high intake of new members**
  - Enhanced decision making and challenge process through focused training, facilitated sessions between Chief Officers and Members and the establishments of the action plan.

## ANNUAL GOVERNANCE STATEMENT

Five questionnaires were completed by members and of those five questionnaires all members were in agreement with the four themes identified for improvement, stating that;

- Making improvements within these themes will lead to enhanced decision making and shape service improvements
- Develop and retain the workforce capacity is at the crux of service delivery
- It is of paramount importance that all new Members and also employees are provided with relevant training on their roles and responsibilities
- Increasing the use of Integrated Impact Assessments being completed will ensure that Flintshire County Council assesses the impact of any decision made
- All Members agreed that the Welsh language is of great importance and that there needs to be an increase in the use of the language within the workforce

## Key Principles of the Corporate Governance Framework

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

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

## ANNUAL GOVERNANCE STATEMENT

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

Audalen 150

Sub Principles	How we do this / How we achieve this
Behaving with Integrity	<ul style="list-style-type: none"> <li>The behaviour and expectations of Members and Officers are set out in our Codes of Conduct, Constitution, and a suite of policies and procedures</li> <li>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</li> <li>We take fraud seriously. Key policies are in place to prevent, minimise and manage such occurrences</li> <li>Compliance with policies and protocols e.g. Contract Procedure Rules</li> <li>Enhanced profile of Internal Audit</li> </ul>
Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> <li>A set of leadership competencies are deployed in each Portfolio and led by each Chief Officer</li> <li>Our recruitment policy, training and competencies based appraisal processes underpin personal behaviours with ethical values</li> <li>Robust policies and procedures are in place, subject to formal approval prior to adoption by formal committees</li> <li>All contracts and external service providers, including partnerships are engaged through the robust procurement process and follow the Contract Procedure rules regulations</li> <li>Application of the corporate operating model; working internally to promote high standards of professional performance and ethical behaviour to achieve organisational priorities and objectives</li> </ul>
Respecting the rule of law	<ul style="list-style-type: none"> <li>We ensure that our Members and Officers fulfil legislative and regulatory</li> <li>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</li> <li>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</li> </ul>

Areas of Good Evidence 2022/23 (Score of 4)	Areas Identified for Further Improvement 2022/23 (Score of 3)
<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>(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</li> </ul>

## ANNUAL GOVERNANCE STATEMENT

### Principle B - Ensuring openness and comprehensive stakeholder engagement

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Sub Principles	How we do this/how we achieve this
Openness	<ul style="list-style-type: none"> <li>• Committed to having an open culture, demonstrated through accessible website, policies and procedures and open environment meetings.                             <ul style="list-style-type: none"> <li>○ The most appropriate and effective interventions / courses of action are determined using formal and informal consultation and engagement. Consultation principles</li> <li>○ Formal and informal engagement models with employees and communities e.g. alternative delivery models Member workshops</li> <li>○ County Forum (Town and Community Councils)</li> <li>○ Positive engagement with Trade Unions both formally and informally</li> </ul> </li> </ul>
Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> <li>• We engage effectively with stakeholders to ensure successful and sustainable outcomes by:                             <ul style="list-style-type: none"> <li>○ Effective application and delivery of communication strategies to support delivery</li> <li>○ Targeting communications and effective use of Social Media (limited currently)</li> <li>○ Effective stakeholder engagement on strategic issues</li> <li>○ Service led feedback questionnaires and events</li> </ul> </li> <li>• 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"> <li>○ Extensive range of partnerships to support the delivery of the Council's strategic priorities, including the Public Services Board</li> <li>○ Open and productive partnership arrangements supported by an effective governance framework</li> <li>○ Trust and good relations lead to delivery of intended outcomes e.g. community asset transfers</li> </ul> </li> </ul>
Engaging stakeholders effectively, including individual citizens and service users	<ul style="list-style-type: none"> <li>• 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</li> <li>• We have structures in place to encourage public participation governed through the Communication and Social Media Policies. These include the following (but not all have been possible during the last year because of Covid restrictions; E-newsletters, The Council's website, Tenants Forums, Service user groups, Quality circles, Use of infographics</li> </ul>

Areas of Good Evidence 2022/23 (Score of 4)	Areas Identified for Further Improvement 2022/23 (Score of 3)
<ul style="list-style-type: none"> <li>• Formal and informal partnerships from strategic levels (PSB) to operational partnerships (Community Endowment Fund / Regional Armed Forces Partnership)</li> <li>• The joint Flintshire and Wrexham Public Services Board / North Wales Research and Insight Partnership continue to work well</li> <li>• Good management relationship with external partners</li> <li>• 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</li> </ul>	<ul style="list-style-type: none"> <li>• (B17, B18, B21, B23, B24, B25) Circumstances have curtailed our ability to consult and engage, but not the willingness to do so. A formal Customer and Engagement Strategy is required and will be a key priority for the new Customer Services and Engagement Manager (a new post which has been devised in 2023).</li> </ul>

## 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"> <li>• We have a clear vision describing the organisation’s purpose and intended outcomes which is achieved through:                             <ul style="list-style-type: none"> <li>○ Linking of vision and intent to the MTFS</li> <li>○ Service Planning consideration including sustainability of service delivery</li> </ul> </li> <li>• Risk Management is applied consistently at all levels ensuring consistent application of risk process and terminology</li> <li>• 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</li> <li>• Annual Performance Report contains recommendations of improvements or area of priority working for the following year</li> </ul>
Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> <li>• 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"> <li>○ Longer term business planning and budgeting using effective forecasting models</li> <li>○ Multi-disciplinary approach to policy development delivering defined outcomes and ensuring fair access to services</li> <li>○ Procurement strategy defines expectations around economic, social and environment benefits which inform service specifications, tenders and contracts</li> <li>○ Communication plans for public and community engagement</li> </ul> </li> </ul>

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Areas of Good Evidence 2022/23 (Score of 4)	Areas Identified for Further Improvement 2022/23 (Score of 3)
<ul style="list-style-type: none"> <li>• Member workshops/briefing sessions</li> <li>• 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</li> <li>• The Public Services Board has drafted its Well-being Plan 2023 to 2028 Consultation document and is now seeking comments ahead of publishing the final version, to improve local well-being in the area, supporting the achievement of the seven well-being goals for Wales as part of The Well-Being of Future Generations (Wales) Act 2015.</li> </ul>	<ul style="list-style-type: none"> <li>• (C29) Delivering defined outcomes on a sustainable basis within the resources that will be available and managing service expectations effectively with stakeholders and Members</li> <li>• (C32) Considering and balancing the combined economic, social, and environmental impact of policies, plans and decisions when taking decisions about service provision</li> </ul>



## ANNUAL GOVERNANCE STATEMENT

### Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes

Judalen 153

Sub Principles	How we do this/how we achieve this
Determining interventions	<ul style="list-style-type: none"> <li>• 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</li> <li>• The MTFS and budget setting process provides opportunities for all public, stakeholders to be engaged in considering options.</li> <li>• Active engagement of key decision making in the development of initial ideas, options and potential outcomes and risks e.g. ADM Programme, Gateways</li> <li>• Clear option appraisals, including the use of forecasting models, to ensure best value is achieved</li> <li>• Regular budget monitoring for each Portfolio</li> <li>• Application of Integrated Impact Assessments</li> </ul>
Planning interventions	<ul style="list-style-type: none"> <li>• We established and implemented robust planning and control cycles covering response and recovery through Emergency Management Response Team</li> <li>• We applied the risk management principles when developing the Recovery Strategy and Portfolio Business Recovery Plans</li> <li>• Regular monitoring of business planning, efficiency and reliability including feedback</li> <li>• Service performance is measured by establishing a range of local indicators, which are regularly monitored, reported and used for recovery monitoring</li> </ul>
Optimising achievement of intended outcomes	<ul style="list-style-type: none"> <li>• Resource requirements are identified through the business planning process, including any projected shortfall in those requirements.</li> <li>• 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</li> <li>• Social values are achieved through the effective commissioning of services and compliance with Council procedures</li> <li>• 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</li> </ul>

Areas of Very Best Practice 2022/23 (Score of 5)	Areas of Good Evidence 2022/23 (Score of 4)
<ul style="list-style-type: none"> <li>• (D49) Ensuring the achievement of 'social value' or 'community benefits' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the community over and above the direct purchase.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensuring social value through Council activity and procurement is established practice, for which the Council is renowned</li> <li>• The use of historical data to inform the MTFS and looking forward in terms of what the future landscape for services may be and applying a risk-based approach to decision making around the budget setting process</li> </ul>

## ANNUAL GOVERNANCE STATEMENT

### Principle E - Developing our organisations capacity, including the capability of our leadership and the individuals within it

Iudalen 154

Sub Principles	How we do this/how we achieve this
Developing our organisation's capacity	<ul style="list-style-type: none"> <li>• 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</li> <li>• 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</li> <li>• 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</li> <li>• Develop and maintain the workforce plan to enhance the strategic allocation of resources and future workforce and succession planning</li> </ul>
Developing the capability of our organisation's leadership and other individuals	<ul style="list-style-type: none"> <li>• 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"> <li>○ The Leader of the Council and the Chief Executive have clearly defined and distinct leadership roles</li> </ul> </li> <li>• Individual and organisational requirements are supported through:                             <ul style="list-style-type: none"> <li>○ Corporate induction for new employees to the Council and service specific inductions for employees in new jobs</li> <li>○ Opportunities for continued learning and development for employees</li> <li>○ A comprehensive range of learning and development opportunities available</li> <li>○ Feedback and shared learning to the organisations both through reports and interactive sessions such as the Senior leaders 'Academi'</li> </ul> </li> <li>• 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.</li> </ul>

<b>Areas of Very Best Practice 2022/23 (Score of 5)</b>	
<ul style="list-style-type: none"> <li>• (E52) Recognising the benefits of partnerships and collaborative working where added value can be achieved.</li> </ul>	
<b>Areas of Good Evidence 2022/23 (Score of 4)</b>	
<ul style="list-style-type: none"> <li>• Partnership and collaborative working – locally, regionally and nationally</li> <li>• Service specific inductions continue to take place</li> </ul>	<ul style="list-style-type: none"> <li>• Lead on regional partnerships e.g. residual waste project</li> <li>• Strong recognition of the wellbeing of employees and support networks provided</li> </ul>
<b>Areas Identified for Further Improvement 2022/23 (Score of 3)</b>	
<ul style="list-style-type: none"> <li>• (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.</li> <li>• (E53) Developing and maintaining an effective workforce plan to enhance strategic allocation of resources following the pay model review</li> <li>• (E57) Developing the capabilities of Members and senior management to achieve effective shared leadership and to enable the authority to respond successfully to changing legal and policy demands as well as economic, political and environmental changes</li> <li>• (E61) Ensuring that there are structures in place to encourage public participation</li> </ul>	

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### 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"> <li>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</li> </ul>
Managing performance	<ul style="list-style-type: none"> <li>Members and senior management are provided with regular reports on service performance against key performance indicators and milestones against recovery objectives</li> <li>Members are clearly and regularly informed of the financial position and implications including environmental and resource impacts</li> </ul>
Robust internal control	<ul style="list-style-type: none"> <li>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.</li> <li>We are dedicated to tackling fraud as detailed within the Anti-Fraud and Corruption Strategy, Fraud Response Plan, and Whistleblowing Policy</li> </ul>
Managing data	<ul style="list-style-type: none"> <li>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</li> <li>We have appropriate Information Sharing Protocols in place in respect of all information shared with other bodies</li> <li>The quality and accuracy of data used for decision making and performance monitoring is supported by guidance from a range of professional bodies</li> <li>Internal Audit review and audit regularly the quality and accuracy of data used in decision making and performance monitoring</li> </ul>
Strong public financial management	<ul style="list-style-type: none"> <li>Our Financial management arrangements support both the long-term achievement of outcome and short-term financial performance through the delivery of the MTFs</li> <li>Setting a prudent Minimum Revenue Provision for the repayment of debt</li> <li>The integration of all financial management and control was reviewed as part of the finance modernisation project</li> </ul>

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Good Evidence 2022/23 (Score of 4)	Areas Identified for Further Improvement 2022/23 (Score of 3)
<ul style="list-style-type: none"> <li>Maintained performance monitoring at mid and end of year</li> <li>The new Performance and Risk Management System (InPhase) continues to be further developed and improved upon</li> </ul>	<ul style="list-style-type: none"> <li>(F66) Embedding the risk management framework</li> <li>(F73) Continuing to align the risk management framework and policies on internal control with achieving the Council's objectives</li> </ul>

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### Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability

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Sub Principles	How we do this/how we achieve this
Implementing good practice in transparency	<ul style="list-style-type: none"> <li>• 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</li> <li>• We are mindful of providing the right amount of information to ensure transparency</li> <li>• A review of information sharing protocols has been undertaken and new principles adopted</li> </ul>
Implementing good practices in reporting	<ul style="list-style-type: none"> <li>• 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</li> <li>• Progress against the Well-being Plan</li> <li>• Annual Statement of Accounts</li> <li>• Our Annual Governance Statement is published following robust and rigorous challenge to assess and demonstrate good governance</li> </ul>
Assurance and effective accountability	<ul style="list-style-type: none"> <li>• Through robust assurance mechanism, we can demonstrate effective accountability. These mechanisms include:                             <ul style="list-style-type: none"> <li>○ 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</li> <li>○ All agreed actions from Internal Audit reviews are monitored regularly through monthly reports to Chief Officers and each Governance and Audit Committee</li> <li>○ Any 'limited/red' assurance opinions are reported to Governance and Audit Committee in full and progress monitored closely</li> <li>○ Peer challenge and inspection from regulatory bodies and external compliance reviews. The outcomes from these inspections are used to inform and improve service delivery</li> <li>○ 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</li> <li>○ 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</li> </ul> </li> </ul>

Areas of Very Best Practice 2022/23 (Score of 5)	Good Evidence 2022/23 (Score of 4)
<ul style="list-style-type: none"> <li>• (G92) Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations</li> </ul>	<ul style="list-style-type: none"> <li>• Open and embracing attitude / good evidence. Increased working through the workshops for all regulatory bodies in early 2021 to give an overview of suggested plans and areas of work</li> </ul>

## ANNUAL GOVERNANCE STATEMENT

### How Have We Addressed the Governance and Strategic Issues From 2021/22 AGS?

The 2021/22 Annual Governance Statement contained 8 governance and 9 strategic issues. Of these areas:

- One Internal Governance issues were closed and detailed within the table below;
- Two Internal Governance issues have been reduced to green with almost all actions completed. This is detailed within the table below;
- Seven Internal Governance issues remain open and these are included within the 2022/23 actions;
- None of the strategic issues were closed from the 2020/21 AGS and remain in place for 22/23;
- Two strategic risks were reduced in score due to the mitigation actions in place;
  - i) from red to amber; and
  - ii) from red to green

### Progress Updates For Significant Governance Issues Reported in the 2021/22 AGS

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The review of the effectiveness of the Council's governance framework identified nine strategic issues during 2021/22. Progress updates of how the risk has been addressed and if it remains open is provided below:

Internal Council Governance issues	Mitigation Actions	Current Status	Progress Update	Progress RAG
(B17, B21, B23, B24, B25) Circumstances have curtailed our ability to consult and engage, but not the willingness to do so. Further planning required following the legislation on Local Government and Elections (Wales) Act 2021	An action plan is being developed to make improvements in the coming year a review of the Council's Consultation Strategy.	<b>Open</b>	Following a service review in late 2022, a new Customer Service and Communications Manager is expected to be appointed early in the new year. A priority will be to develop a Consultation and Engagement Strategy for the Council, working alongside the Communications Officer. The intention of the strategy is to have a clear and consistent approach to consultation and engagement across all services which will enable better sharing of customer insight. The strategy will act as a toolkit to assist services to consult and engage with communities successfully.	<b>Amber</b>

## ANNUAL GOVERNANCE STATEMENT

Internal Council Governance issues	Mitigation Actions	Current Status	Progress Update	Progress RAG
(C30) Identifying and managing risks to the achievement of outcomes.	Full Action Plan has been developed and shared with Governance and Audit Committee in June 2022	<b>Open</b>	This is in progress. The Revised Risk Management Framework has been approved by Governance and Audit committee in November 2022, shared with Officers and available on the Council's Infonet. Officers are currently reviewing their risks in line with the new framework. These will be transferred onto the new Business Planning, Performance and Risk Management System.	<b>Amber</b>
(D39) Engaging with internal and external stakeholders in determining how services and other interventions can best be delivered.	In relation to the Public Services Board, improvements could be made to ensure greater engagement of internal and external stakeholders in determining interventions which would provide greater synergy between the strategic partnership and operational delivery	<b>Open</b>	This has been undertaken and employees of PSB organisations have been advised of the consultation on the draft plan to get involved. The consultation was also open to other stakeholders and conducted in line with statutory guidance. The Well-being Plan is in the final stages of completion and approval by the statutory PSB members. The PSB will then look to engage colleagues from across the partner organisations to form working/action groups to ensure achievement of the PSB well-being objectives.	<b>Green</b>
(D40) Considering and monitoring risks facing each partner when working collaboratively including shared risks.	Full Action Plan has been developed and shared with Governance and Audit Committee in June 2022	<b>Open</b>	The Council works closely with ADMs and some of the Community Asset Transfers (CAT) and through this any risks will be identified and monitored. Capital Programme and Assets are looking to enhance risk recording and monitoring so this may sit with that in future.  This requirement has also been included within the review Risk Management Framework	<b>Amber</b>
(F66, 73, 74) An Internal Audit review of the risk management framework was	Full Action Plan has been developed and shared with	<b>Closed</b>	Complete – Action plan presented, and the New Risk Management Framework approved by Governance and Audit Committee in November 2022.	<b>Green</b>

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## ANNUAL GOVERNANCE STATEMENT

Internal Council Governance issues	Mitigation Actions	Current Status	Progress Update	Progress RAG
undertaken during 21/22 and has highlighted some areas for improvement to build upon the risk management framework and processes going forward.	Governance and Audit Committee in June 2022			
Red / Limited Assurance Audit – Drury Primary School	Full Action Plan has been developed and shared with Governance and Audit Committee in June 2022	<b>Open</b>	One action remains partly outstanding. This relates to the establishment of a rental agreement. Revised due date 30 June 2023.	<b>Green</b>
Red / Limited Assurance Audit – Homelessness and Temporary Accommodation	Full Action Plan has been developed and shared with Governance and Audit Committee in March 2022	<b>Open</b>	Work is ongoing to address these issues however to date all actions remain open. The implementation of actions has been impacted on the available resources within the service.	<b>Red</b>
Red / Limited Assurance Audit – Contract Management: Residential Development	Full Action Plan has been developed and shared with Governance and Audit Committee in November 2021	<b>Open</b>	Work is ongoing to address these issues. Two actions have been implemented. The officers from the Service attended Governance and Audit Committee in November to provide members will a progress update.	<b>Amber</b>

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## Progress Updates For Significant Strategic Issues Reported in the 2021/22 AGS

The review of the effectiveness of the Council’s governance framework identified nine strategic issues during 2021/22. Progress updates of how the risk has been addressed and if it remains open is provided below:

Strategic issues for 2021/22	Current Risk Rating	Mitigation Actions	Current Status	Progress Update	Progress RAG
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Tudalen 160</p> <p><b>CF05</b> – An increase in the level of debt owed to the council</p>	<b>Amber</b>	<ul style="list-style-type: none"> <li>• Collection of income continues</li> <li>• Active engagement with taxpayers, tenants, customers and businesses to offer flexible arrangements</li> <li>• Enforcement has begun for taxpayers and tenants who are falling into debt and not made any contact with us</li> <li>• 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</li> <li>• 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</li> </ul>	<b>Open</b>	<p>Debt Recovery work is ongoing and is targeted at those households and businesses who are falling into arrears in excess of two months of payments.</p> <p>Where necessary, legal action through the courts is being taken on a monthly basis.</p> <p>Council Tax Collections are very marginally lower than collections in the previous year (i.e. 0.2% lower) but reflect the ongoing cost-of-living crisis and the impact on households and businesses.</p>	<b>Amber</b>



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<p><b>CF14</b> - Increase in rent arrears impacts on the stability of the Housing Revenue Account (HRA) Business Plan</p>	<p><b>Red</b></p>	<ul style="list-style-type: none"> <li>Regular weekly monitoring of the financial impact by the Housing Rents team to track in-year rent collection levels and compare to previous year</li> <li>Continued use of Mobyssoft 'Rent Sense' to identify early arrears cases to allow the team to engage with and support these tenants by signposting to the support that may be available for the payment of Housing Rents</li> <li>Reporting impacts to Financial TCG on a regular basis</li> <li>Regular referral of cases to an officer led Case Review Panel to ensure all housing interventions are coordinated and cases at risk of homelessness are tracked by all teams</li> <li>Increase of resource levels to support the work in rent income service</li> </ul>	<p><b>Open</b></p>	<p>Collection of housing rent arrears remains challenging for the service given the cost-of-living crisis has a disproportionate impact on residents who have limited scope and financial resilience to meet the rising costs of living.</p> <p>The mitigation actions are continuing to control, where possible, the rising levels of arrears, as well as supporting tenants and preventing homelessness.</p> <p>Rent Arrears, on average, are £250k higher than in the previous financial year.</p>	<p><b>Red</b></p>
<p><b>CW10</b> - Impacts of the third wave in the pandemic on the continuous availability of key workers to operate services in a further response phase</p>	<p><b>Green</b></p>	<ul style="list-style-type: none"> <li>Key workers will be invited to attend for a flu vaccine when they are available</li> </ul>	<p><b>Open</b></p>	<p>Occupational health attended 86 venues (Schools, Alltami, Ty Dewi Sant and Llwynegrin) and delivered 2,645 vaccines between 14 September and 1 November 2022. As part of a pre-agreed, partnership approach, they also co-delivered COVID booster vaccines with BCUHB at Ty Dewi Sant.</p>	<p><b>Green</b></p>

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<p><b>EY01</b> - Secondary schools are not financially viable due to insufficient base funding</p>	<p><b>Red</b></p>	<ul style="list-style-type: none"> <li>• Risk associated with insufficient base budgets for secondary schools included in the MTFS.</li> <li>• Funding Formula review.</li> </ul>	<p><b>Open</b></p>	<p>Additional funding allocated to support schools in a deficit position in the 2021/22 budget. This recurring budget is being used to target support to Secondary Schools in deficit.</p>	<p><b>Amber</b></p>
<p><b>EY06</b> - Insufficient funding to deliver new archive premises</p>	<p><b>Red</b></p>	<ul style="list-style-type: none"> <li>• Regular progress monitoring meetings between the Archive Project Board of senior officers and political leaders.</li> <li>• Cabinet and Executive support for the bid to National lottery Heritage Fund with formal commitment to provide capital funding to top up the scheme from both Flintshire and Denbighshire.</li> <li>• Effective project management ensuring the project is progressing within budget and timescales.</li> <li>• Revise project to reduce costs, develop further applications to the Wales Lottery Heritage Fund and explore other funding streams (Stage 1 bid submitted to the National Lottery Heritage Fund was unsuccessful. This has created a significant financial shortfall of £8.5m)</li> <li>•</li> </ul>	<p><b>Open</b></p>	<p>The Archive Project Board of Flintshire and Denbighshire officers and cabinet members continue to work towards securing funding for this project. Reports to both Cabinets will be presented later in the Spring which will provide a detailed overview of the capital proposal and potential future bids to the National Lottery Heritage (Wales) Fund.</p>	<p><b>Red</b></p>

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<p><b>HA06</b> - Impacts on income stream based on delayed/non recovery of housing benefit overpayment</p>	<p><b>Red</b></p>	<ul style="list-style-type: none"> <li>Financial monitoring – Budget and Income</li> <li>Contacting customers to arrange to repayment plans at a level which suits their new income</li> <li>Offering customers support and advice to claim available benefits</li> </ul>	<p><b>Open</b></p>	<p>Recovery for 2022/23 closed as £387,664.52. This was below the £450k target and it is highly likely they will stay this way for this financial year.</p> <p>Recovery is still at a slower rate than pre-pandemic, partly due to the current financial situation and rising cost of living, but also due to the reduction in the Housing Benefit Caseload and staff resource being diverted to support other service pressures.</p> <p>It is also important to note there has been a significant decrease in the value of HB Overpayments being created so it is inevitable that the value recovered would also decrease. The target of £450k is therefore much harder to achieve now than it was in 2019/20 when £839,396 of HBOP was created.</p>	<p><b>Red</b></p>
<p><b>ST24a</b> - Unable to progress with key infrastructure improvement projects due to resilience in staff, contractors and supply chain</p>	<p><b>Red</b></p>	<ul style="list-style-type: none"> <li>The service is continuing to see an issue in the supply chain to progress infrastructure projects. This is resulting in delays to schemes however the overall impact of progress is not resulting in project failure.</li> <li>Each grant funded project is given a project team to control delivery within specified timescales. Additional partners (consultants; WRAP) have been engaged in projects to support staff with delivery.</li> </ul>	<p><b>Open</b></p>	<p>The situation with regards to supply chain issues hasn't changed due to the current market conditions. In addition, our current staffing situation also hasn't improved however, this is also national problem and not specific to Flintshire.</p> <p><i>This is now classed as an operational risk and not a Strategic risk following the review of all Portfolio Risks.</i></p>	<p><b>Red</b></p>
<p><b>SS01</b> - Expenditure on out of county placements increases as placement costs increase in a demand led market</p>	<p><b>Red</b></p>	<ul style="list-style-type: none"> <li>Develop in house residential care services for children with complex needs who would otherwise need to be placed out of county.</li> </ul>	<p><b>Open</b></p>	<p>We are on track for three in-house Residential Care Homes to become registered by 31/3/23 – subject to CIW approval and processing times.</p>	<p><b>Amber / Red</b></p>

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		<ul style="list-style-type: none"> <li>• Grow our in-house fostering service to support more looked after children within Flintshire.</li> </ul>		<p>The expansion of in house fostering includes approval of two general foster carers with a further three going through assessment. Three connected persons have been approved, with four being provided temporary approval.</p> <p>The Special Guardianship Orders (SGO) service has grown in strength with a further five SGO's granted and three cases with court dates pending.</p> <p><b>The market development element of this risk is Amber however, the risk to the budget remains Red</b></p>	
<p><b>SS29</b> - Insufficient capacity in the social care workforce (social work and occupational therapy) is a risk to the reputation of the Council and its ability to fulfil its statutory and essential functions with respect to social care</p>	<b>Red</b>	<ul style="list-style-type: none"> <li>• We are experiencing significant challenges in workforce recruitment within a highly competitive market, where people are choosing other, often better paid, career choices. A regional and local analysis of the underlying issues and actions to mitigate has been developed and will require national support and funding as well as local action.</li> <li>• Project team meets fortnightly and reports to the Portfolio Programme Board.</li> <li>• In the short term we have moved to a 12-month market supplement for Level 3 Childcare Social Workers.</li> </ul>	<b>Open</b>	<p>A social work review has taken place aimed at developing a structure that supports recruitment and retention. Subject to final consultation the new framework will be implemented in February 2023 and provide an exit strategy for the market supplement for level 3 childcare social workers. A comprehensive marketing campaign has been designed to support recruitment. Until vacant posts are filled workforce pressures remain and we are reliant on agency social workers to support the delivery of statutory functions.</p>	<b>Red</b>

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### What are the Governance Issues Identified During 2022/23?

The review of the effectiveness of the Council’s governance framework identified one internal governance issue during 2021/22. Details of how the issue has been addressed and if it remains open is provided below:

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Internal Council Governance issues for 2022/23	Mitigation Actions
<ul style="list-style-type: none"> <li>(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</li> </ul>	<ul style="list-style-type: none"> <li>Action plan for to enhance new Members understanding of their role</li> <li>Workshop for Members</li> <li>To provide relevant training and learning opportunities</li> </ul>
<ul style="list-style-type: none"> <li>(B17, B18, B21, B23, B24, B25) Circumstances have curtailed our ability to consult and engage, but not the willingness to do so. Further planning required following the legislation on Local Government and Elections (Wales) Act 2021</li> </ul>	<ul style="list-style-type: none"> <li>Appointment of Customer Services and Engagement Manager</li> <li>Creating a Customer and Engagement and Public Participation Strategies</li> <li>Improving the Council’s presence on social media platforms</li> <li>Use of Council’s complaints and feedback for continued service improvement</li> </ul>
<ul style="list-style-type: none"> <li>(C29, C32) Delivering defined outcomes on a <b>sustainable</b> 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.</li> </ul>	<ul style="list-style-type: none"> <li>Review of the pay model</li> <li>Integrated Impact Assessments to be utilised and happen consistently across all portfolio’s</li> <li>Review the challenges with vacancy management</li> </ul>
<ul style="list-style-type: none"> <li>(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.</li> </ul>	<ul style="list-style-type: none"> <li>Develop the use of APSE</li> <li>Career conversation to form part of the appraisal</li> <li>A review of the Member Development</li> </ul>
<ul style="list-style-type: none"> <li>(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.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to embed the Risk Management Framework</li> <li>The development and implementation of InPhase continues</li> <li>Roll out of the E-learning risk management training module</li> </ul>

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### What are the Strategic Issues Identified During 2022/23?

The review of the effectiveness of the Council’s governance framework identified 28 strategic issues (Red Risks) during 2022/23. Details of how the issue has been addressed and if it remains open is provided below:

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Strategic Issues for 2022/23	Mitigating Actions
<b>EY01</b> - Secondary schools are not financially viable due to insufficient base funding and falling pupil numbers	<ul style="list-style-type: none"> <li>• Challenge and support meetings with Headteacher/School Business Manager and regular budget monitoring sessions with schools to confirm adherence to licensed deficit protocol</li> <li>• Financial Performance Monitoring Group meetings</li> <li>• Schools’ pupil funding Formula review</li> <li>• Local Authority approval mechanisms for recruitment in schools with budget deficits</li> </ul>
<b>EY06</b> - Insufficient funding to deliver new archive premises	<ul style="list-style-type: none"> <li>• Archive Project Board of senior officers and political leaders meets regularly to monitor progress of the bid</li> <li>• Cabinet and Executive support for the bid to National Lottery Heritage Fund (NLHF) with formal commitment to provide capital funding to top up the scheme and reporting through the Cabinet cycle</li> <li>• Effective project plan, project risk registers and Project Manager in place ensures project is progressing within budget and timescales with regular reports to Archive Project Board to track progress</li> <li>• Effective working with the Museums and Libraries Division of Welsh Government who are providing expert advice</li> <li>• Support from The National Archive for the bid and partnership working in place – gives the bid credence. The project is fully supported by Welsh Government and The National Archive</li> <li>• Expert consultant procured with significant expertise in developing heritage funding bids</li> </ul>
<b>EY13</b> - Inability to fully deliver on Welsh Government's Sustainable Communities for Learning Programme due to financial, workforce and contractor implications	<ul style="list-style-type: none"> <li>• 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</li> <li>• Regular reporting and dialogue with Welsh Government</li> <li>• Regular dialogue with North Wales Construction Partnership contractors and supply chain</li> </ul>

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Strategic Issues for 2022/23	Mitigating Actions
<b>EY36</b> - External Grants for Revenue Expenditure	<ul style="list-style-type: none"> <li>Monitoring through monthly Portfolio Finance Meetings; Education programme Board</li> </ul>
<b>CG02</b> - Significant Loss of Corporate data and systems due to security / environmental / Technical incident	<ul style="list-style-type: none"> <li>Maintain a valid PSN and prepare for Cyber Essentials Accreditation.</li> <li>Participation in National Security Groups, such as Warp, and constant review of National Cyber Security Centre guidance.</li> <li>Use of Citrix technologies provides a secure environment which delivers the majority of our business systems.</li> <li>Maintain a second active datacentre allows for the continual provision of critical systems.</li> <li>Utilise strong security controls, vulnerability management and delivery mechanism to reduce this risk.</li> <li>Development of Cyber incident response and recovery plan.</li> <li>Regular review and testing of IT Disaster Recovery Plan.</li> <li>Identify list of critical business applications.</li> <li>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</li> <li>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</li> </ul>
<b>CC01</b> – Non-compliance of the Welsh Language Standards	<ul style="list-style-type: none"> <li>Commitment to advertise Welsh language as an essential skill first time when recruiting to frontline posts to ensure compliance with Welsh Language Standards and Welsh speakers can access services in their preferred language</li> <li>Recruit a percentage of fluent Welsh speakers</li> </ul>
<b>GO10</b> - Failure to meet agreed deadlines within the Digital Strategy	<ul style="list-style-type: none"> <li>Investigate the potential for automation to free up resource within the IT Service.</li> <li>Continue with the DSB prioritisation process to reduce burden at any one time.</li> </ul>
<b>CF14</b> - Impact on the Housing Revenue Account (HRA) of a sustained loss of housing rent due to the financial position of tenants	<ul style="list-style-type: none"> <li>Continuous review of Bad Debt Provisions for Housing rents</li> <li>Provision rates are set high for aged debt; therefore, it is assumed that the provision calculations are adequate at this stage, but this will be reviewed regularly"</li> <li>Fortnightly case review panel to identify and track cases of serious arrears and identify and coordinate responses across the portfolio</li> </ul>

## ANNUAL GOVERNANCE STATEMENT

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Strategic Issues for 2022/23	Mitigating Actions
<p><b>NR03</b> - The Council is unable to meet its homelessness statutory obligations due to shortages in staff, budgetary pressures, and lack of available accommodation</p>	<ul style="list-style-type: none"> <li>• Monitor demand for homeless services with a view to informing workforce, prevention activities and homeless accommodation planning</li> <li>• Monitor levels of emergency accommodation with a view to informing workforce, move-on activities and homeless accommodation planning</li> </ul>
<p><b>NR04</b> - 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"> <li>• 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</li> <li>• Ensure Common Allocations Policy adhered to when assessing housing needs and eligibility for Common Housing Register</li> <li>• Use Common Housing Register data to inform Housing Strategy and redevelopment and new build plans for affordable housing as annually through the Housing Prospectus</li> <li>• 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</li> <li>• Monitor expenditure on homeless emergency accommodation with a view to informing financial risk and MTFS / budget planning</li> </ul>
<p><b>NR05</b> – Delays in pre-construction process due to planning and Sustainable Drainage Approval Body (SABS) applications</p>	<ul style="list-style-type: none"> <li>• Monitor programme deliverables in line with agreed timescales and budget.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> </ul>
<p><b>HA06</b> - Impacts on income stream based on delayed/non recovery of housing benefit overpayment</p>	<ul style="list-style-type: none"> <li>• Financial monitoring – Budget and Income</li> <li>• Contacting customers to arrange to repayment plans at a level which suits their new income</li> <li>• Offering customers support and advice to claim available benefits</li> </ul>



## ANNUAL GOVERNANCE STATEMENT

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Strategic Issues for 2022/23	Mitigating Actions
<p><b>PE12</b> - The implications of Ash Dieback on finances and reputation of the Council due to the scale of the problem and the ability to make safe trees on or adjacent to Highways and Council amenity land which pose a risk to life or property</p>	<ul style="list-style-type: none"> <li>• The timetable has been revised for planned surveys that could not be carried out whilst in lockdown to make best use of the limited survey window between July and September and to enable planned remedial works to be carried out October to February, to make safe those areas identified in the survey.</li> <li>• During the survey period we have established sites that will require further investigation, and this will be built into future work programmes.</li> <li>• Prioritised surveys on Highway Routes and other FCC land with public access and school grounds as areas that have the highest risk rating for injury or damage.</li> <li>• Engaged with external Legal Counsel to advise on Ash Die Back plan, Risk Assessments and inspection regime, to test for appropriateness and reasonableness.</li> </ul>
<p><b>PE33</b> - Prevent delays in development proceeding by mitigating the impact of Phosphates</p>	<ul style="list-style-type: none"> <li>• The Local Development Plan (LDP) has a backstop policy (EN6) to ensure that new development cannot be improved without suitable mitigation being identified and/or put in place.</li> <li>• The Dee Catchment Phosphorous Reduction Strategy (DCPRS) measures will be sufficient to allow the Inspector to conclude that the plan can be adopted, but it is critical that the Council then follow this recommendation and adopt the LDP.</li> <li>• Further work is underway to ensure that the Council, as a responsible body under the Habitat Regulations, can identify suitable and deliverable phosphate mitigation. This involves assessing the feasibility of developing wetlands downstream of wastewater treatment works, as well as developing a short-term local action plan to assist developers and the Council to facilitate new development in affected areas of the County.</li> <li>• The Council should agree to be represented on the forthcoming Nutrient Management Board when it is convened (Wrexham CBC taking the lead) and use its membership to engage with other key catchment stakeholders as well as seeking to hold those also responsible for mitigating phosphates to account.</li> </ul>
<p><b>PE34</b> - Failure to update the Council's Flood Risk Management Strategy to mitigate the flood risk to vulnerable communities</p>	<ul style="list-style-type: none"> <li>• The present strategy was produced in 2013 and does not identify areas at risk or an action plan to mitigate this risk. It was produced as a high-level document that mainly identified the respective responsibilities of the Council as Lead Local Flood Authority (LLFA), and those of other flood risk management organisations such as Welsh Water and Natural Resources Wales.</li> <li>• The Council's approach to dealing with flooding and flood risk is presently reactive in the main, responding to the consequences of severe weather events. There is also no single team that deals with all aspect of drainage and flood risk and whilst work is co-ordinated between the Flood Risk Management Team and Street Scene, severe recruitment difficulties in the former team mean that there is currently no internal technical officer capability to deal with the roles of LLFA and SAB.</li> </ul>

## ANNUAL GOVERNANCE STATEMENT

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Strategic Issues for 2022/23	Mitigating Actions
	<ul style="list-style-type: none"> <li>The Council has developed a three year support contract with a specialist Hydrological Consultancy which is allowing the Council to fulfil its SAB role and still respond to its flood investigation role. Even when the Council is successful with internal recruitment, it is recommended that this relationship is maintained in some form or other going forward.</li> </ul>
<b>PE42</b> - Slow progress with the Strategic Development Plan (SDP) fails to set context for Local Development Plan 2	<ul style="list-style-type: none"> <li>Discuss progress on SDP with Welsh Government and North Wales LPAs</li> </ul>
<b>SS01</b> –Expenditure on out of county placements increases as placement costs increase in a demand led market.	<ul style="list-style-type: none"> <li>Working with local providers to reshape the residential market</li> <li>Maximising local housing options</li> </ul>
<b>SS09</b> - Insufficient numbers of residential and nursing beds to meet demand because of the long-term fragility and instability of the care home sector and challenges in the recruitment of staff	<ul style="list-style-type: none"> <li>Ensure that ongoing actions are maintained to manage the inherent instability in the residential and nursing care market, including approaches to marketing and recruitment</li> <li>Continue to work with corporate colleagues re. capital investment to support the development of in-house provision for individuals with dementia or learning disabilities, and Extra Care provision</li> <li>Continue to build resilience in the services to maintain and increase the current level of provision</li> <li>Working with providers to identify potential business viability issues due to loss of income as a result of COVID-19</li> <li>Continue to utilise the additional capacity established in the independent sector as a service response to COVID-19 (The Oaks)</li> <li>Impact assessment of need for additional capacity provided by Ty Treffynnon to continue post-recovery (in house service response)</li> <li></li> </ul>
<b>SS10</b> - Insufficient capacity to provide the quantities and levels of care to clients at home and in the community because of challenges in recruitment of direct care workers and instability in the care market	<ul style="list-style-type: none"> <li>Utilising the Care@Flintshire portal to promote vacancies</li> <li>Working with providers to establish appropriate fee rates</li> <li>Regional Domiciliary Care Agreement in place</li> <li>Value Based recruitment</li> </ul>
<b>SS22</b> - An insufficient supply of placements leads to young people being placed in unregistered settings	<ul style="list-style-type: none"> <li>Implement Multiagency Support Team to work with families of young people on the edge of care and prevent placement breakdown</li> <li>Combat exploitation through the Strategic and Operational MET (Missing, Exploitation, Trafficking) group</li> <li>Develop policies and models to attract new foster carers and expand the type of placements offered</li> <li>Working with local providers to reshape the residential market</li> </ul>

## ANNUAL GOVERNANCE STATEMENT

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Strategic Issues for 2022/23	Mitigating Actions
	<ul style="list-style-type: none"> <li>Maximising local housing options</li> </ul>
<p><b>SS29</b> - 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</p>	<ul style="list-style-type: none"> <li>The social work staffing structure has been reviewed to provide better opportunities for recruitment and retention and reduce the need for agency staff, with a view to create experience and capacity in the workforce with a competitive pay structure and mitigate the risk of escalating agency costs.</li> </ul>
<p><b>ST-S07</b> - Inability to achieve national recycling targets due to increased residual waste tonnages collected</p>	<ul style="list-style-type: none"> <li>Undertake a review of the Council Waste Strategy to identify improve service delivery methods to minimise residual waste disposal and increase recycling.</li> </ul>
<p><b>HR09</b> - 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>	<ul style="list-style-type: none"> <li>Pay modelling will be undertaken with an up to date set. An aspirational implementation date is 01/10/2023 to minimise cost in year (half year effect).</li> </ul>
<p><b>HR24</b> - Changes to holiday pay calculations and practices in light of the Supreme Court Judgement in Harper Trust and Brazel</p>	<ul style="list-style-type: none"> <li>An alternative term time calculation (which applies to those employees who work less than 52.14 weeks a year) was implemented with effect from 1 April 2023. This calculation is deemed to be compliant with the outcome of the Harper Trust and Brazel supreme court judgment and incorporates the permanent increase of one day (pro rata for part-timers) to their annual leave entitlement provided for in the Local Government Services Pay Agreement 2022-23.</li> <li>Other elements (including compensation in lieu of back pay) are being worked through by a joint working group (HR, Finance, TUs)</li> </ul>
<p><b>CF18</b> - 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>	<ul style="list-style-type: none"> <li>Regular monitoring of the financial impact across the organisation</li> <li>Analysis of funding support announcements by WG in line with above</li> <li>Reporting impact to Financial TCG on a weekly basis</li> <li>Weekly engagement with Society of Welsh Treasurers (SWT) to gain all Wales position</li> <li>Regular liaison with WLGA contacts re escalation with Welsh Government</li> </ul>
<p><b>CPA01</b> - 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>	<ul style="list-style-type: none"> <li>Commission service delivery, with supporting budget</li> <li>Explore different ways of working</li> <li>Review workload/demand and resource</li> </ul>

## ANNUAL GOVERNANCE STATEMENT

Strategic Issues for 2022/23	Mitigating Actions
<b>CPA12</b> - Failure to secure mutually agreeable new agreement with Aura / Newydd could lead to financial, reputation, legal and service implications	<ul style="list-style-type: none"> <li>Consultants and external specialists commissioned to provide support</li> <li>ADM/FCC 'Partnership' meetings</li> </ul>
<b>CPA13</b> - Lack of resource to respond swiftly to increasing demand of capital projects with grant funding requiring swift/in-year spend. May result in loss of grant funding and/or high profile project failure	<ul style="list-style-type: none"> <li>Commissioning services need to challenge via established routes</li> </ul>
<b>CPA17</b> - Impact of workload demand and HR issues on remaining employees	<ul style="list-style-type: none"> <li>Review services and seek to cease delivery of some</li> <li>Recruit more employees</li> </ul>

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\* The strategic risks identified for 2022/23 are kept under frequent review and may merge / reference codes change as we move over the new management system \*

## ANNUAL GOVERNANCE STATEMENT

### Certification

The review provides good overall assurance that Flintshire County Council's arrangements continue to be regarded as fit for purpose in accordance with the governance framework requirements for Local Authorities within Wales.

Opportunities to maintain and develop the Council's governance arrangements have been identified through this review. We pledge our commitment to addressing these issues over the coming year and we will monitor their implementation and operation as part of our next annual review.

Signed on behalf of Flintshire County Council

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**Neal Cockerton – Chief Executive**

**Cllr. Ian B Roberts – Leader of the Council**

Mae'r dudalen hon yn wag yn bwrpasol

## Audit of Accounts Report – Flintshire County Council

Audit year: 2022-23

Date issued: March 2024

Document reference: 4107A2024

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 the Wales Audit Office 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](mailto: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

We intend to issue an unqualified audit report on your Accounts. There are some issues to report to you prior to their approval.

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# Audit of Accounts Report

## Introduction

- 1 We summarise the main findings from our audit of your 2022-23 accounts in this report.
- 2 We have already discussed these issues with the Corporate Finance Manager and his team.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £5,468,000 for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
  - Senior officer remuneration: £1,000
  - Related party transactions: £10,000
- 6 We have now substantially completed this year's audit.
- 7 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence. We have previously notified you of a potential threat to auditor independence and objectivity arising and confirm that the planned safeguards set out in our Audit Plan have operated as intended.

## Proposed audit opinion

- 8 We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.
- 9 We issue a 'qualified' audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 10 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards along with confirmation of other specific information you have provided to us during our audit.
- 11 Our proposed audit report is set out in **Appendix 2**.

## Significant issues arising from the audit

### Uncorrected misstatements

12 There are no misstatements identified in the accounts, which remain uncorrected.

### Corrected misstatements

13 There were initially misstatements in the accounts that have now been corrected by management. However, we believe that these should be drawn to your attention and they are set out with explanations in **Appendix 3**.

### Other significant issues arising from the audit

14 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There were some issues arising in these areas this year as shown in **Exhibit 1**:

#### Exhibit 1 – significant issues arising from the audit

Area	Issue identified	The way forward
<b>Capital accounting</b>	<p>Testing of Property, Plant &amp; Equipment revaluation movements identified a number of complex capital accounting and revaluation issues that took a significant amount of time to resolve during the audit:</p> <ul style="list-style-type: none"><li>Assets with both a Revaluation Reserve balance and a cumulative debit balance to the Surplus and Deficit on Provision of Services (SDPS). This incorrect treatment should not be possible as any Revaluation Reserve balance should be used in full before taking any remaining balance to the SDPS. The errors were largely an historic accounting issue which consequently took the Council a significant amount of time to investigate and resolve. The correction of these errors resulted in material amendments to the financial statements, as detailed within Appendix 4.</li></ul>	See recommendation 1 in <b>Appendix 4</b>

	<ul style="list-style-type: none"> <li>• Assets where revaluation movements had incorrectly not separately written out depreciation &amp; impairment, instead overstating the gross book value of assets as detailed within Appendix 4.</li> <li>• Due to the asset uplift exercise completed in 2021-22 and 2022-23, where assets values were reviewed and updated to reflect recent inflationary pressures, and subsequent manual updates to the Techforge asset register to reflect this, the Council had difficulty providing a detailed analysis at individual asset level to support revaluation and indexation movements in the financial statements.</li> <li>• A number of errors and omissions in the valuations completed by the Council's valuation team.</li> </ul>	
<p><b>Related parties</b></p>	<p>Testing of the related parties disclosures in Note 28 identified several issues regarding the completeness of declared interests:</p> <p>One elected member had failed to declare their directorship of two companies. As the Council was able to provide information confirming there were no transactions or balances between the Council and the two companies, there was no impact on the disclosures in Note 28.</p> <p>Two elected members who were directors of NEW Homes Limited had failed to declare it in their annual declaration of interests. As transactions and balances with NEW Homes Ltd were already included in Note 28, there was no impact on the note.</p> <p>One elected member did not complete an annual declaration of interests. Consequently, we had to undertake additional audit procedures to gain assurance there were no omitted related party transactions.</p>	<p>See recommendation 2 in <b>Appendix 4</b></p>

## Recommendations

- 15 The recommendations arising from our audit are set out in **Appendix 4**. Management has responded to them and we will follow up progress against them during next year's audit. Where any actions are outstanding, we will continue to monitor progress and report it to you in next year's report.

# Appendix 1

## Final Letter of Representation

[Audited body's letterhead]

Auditor General for Wales  
Wales Audit Office  
1 Capital Quarter  
Tyndall Street  
Cardiff  
CF10 4BZ

10 April 2024

### Representations regarding the 2022-23 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Flintshire County Council for the year ended 31 March 2023 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

### Management representations

#### Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23; in particular the financial statements give a true and fair view in accordance therewith;
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

## Information provided

We have provided you with:

- full access to:
  - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
  - additional information that you have requested from us for the purpose of the audit; and
  - unrestricted access to staff from whom you determined it necessary to obtain audit evidence;
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects Flintshire County Council and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements;
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements; and
- the identity of all related parties and all the related party relationships and transactions of which we are aware.

## Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

## **Representations by Flintshire County Council**

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Governance and Audit Committee on 10 April 2024.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Gary Ferguson  
Corporate Finance Manager  
10 April 2024

Signed by:

Allan Rainford  
Chair of the Governance and Audit  
Committee  
10 April 2024



# Appendix 2

## Proposed Audit Report

### The report of the Auditor General for Wales to the members of Flintshire County Council

#### Opinion on financial statements

I have audited the financial statements of:

- Flintshire County Council; and
- Flintshire County Council's Group

for the year ended 31 March 2023 under the Public Audit (Wales) Act 2004.

Flintshire County Council's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Movement in Reserves Statement, the Housing Revenue Account Income and Expenditure Statement and the related notes, including a summary of significant accounting policies.

Flintshire County Council's Group financial statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet, the Group Cash Flow Statement and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of Flintshire County Council and Flintshire County Council's Group as at 31 March 2023 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

#### Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of Flintshire County Council and the group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled

my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Flintshire County Council and the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

## **Other Information**

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## **Opinion on other matters**

In my opinion, based on the work undertaken in the course of my audit:

- The information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

## **Matters on which I report by exception**

In the light of the knowledge and understanding of Flintshire County Council and the group and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit;=.
- Adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team.
- The financial statements are not in agreement with the accounting records and returns.

## **Responsibilities of the responsible financial officer for the financial statements**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 11 of the Statement of Accounts, the responsible financial officer is responsible for:

- The preparation of the statement of accounts, including Flintshire County Council's Group Accounts, which give a true and fair view and comply with proper practices.
- Maintaining proper accounting records.
- Internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.
- Assessing Flintshire County Council and the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by the Flintshire County Council and the group will not continue to be provided in the future.

## **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the Council's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Flintshire County Council and group's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition, posting of unusual journals, bias in accounting estimates and significant transaction outside the normal course of business.
- Obtaining an understanding of Flintshire County Council and group's framework of authority as well as other legal and regulatory frameworks that Flintshire County Council and group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Flintshire County council and group.
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- Enquiring of management, the Governance and Audit Committee and legal advisors about actual and potential litigation and claims.
- Reading minutes of meetings of those charged with governance.
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Flintshire County Council and group's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### **Other auditor's responsibilities**

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### **Certificate of completion of audit**

I certify that I have completed the audit of the accounts of Flintshire County Council and group in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton  
Auditor General for Wales  
April 2024

1 Capital Quarter  
Tyndall Street, Cardiff  
CF10 4BZ

# Appendix 3

## Summary of Corrections Made

During our audit, we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

### Exhibit 3: summary of corrections made

Value of correction	Nature of correction	Reason for correction
£44,027,000	<p><b>Note 8 – Property, Plant &amp; Equipment</b></p> <ul style="list-style-type: none"> <li>• Council dwellings: Cost - revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services [SDPS] – reduced by £25,015,000</li> <li>• Council dwellings: Depreciation – depreciation written out to the SDPS – increased by £4,958,000</li> <li>• Council dwellings: Depreciation – reversal of impairments recognised in the SDPS – increased by £22,380,000</li> <li>• Council dwellings: Depreciation – impairments written out to the SDPS – increased by (£2,324,000)</li> <li>• Other land &amp; buildings: Cost - revaluation increases/(decreases) recognised in the revaluation reserve – reduced by £16,026,000</li> <li>• Other land &amp; buildings: Cost - revaluation increases/(decreases) recognised in the SDPS – reduced by £2,986,000</li> <li>• Other land &amp; buildings: Depreciation – depreciation written out to the revaluation reserve – increased by £11,554,000</li> <li>• Other land &amp; buildings: Depreciation – depreciation written out to the SDPS – increased by £1,987,000</li> <li>• Other land &amp; buildings: Depreciation – impairments written out to the revaluation reserve – increased by £4,471,000</li> <li>• Other land &amp; buildings: Depreciation – reversal of impairments recognised in the SDPS – increased by £305,000</li> </ul>	<p>Incorrect accounting treatment of accumulated depreciation and impairment reversals as part of the asset uplift movements</p>

	<ul style="list-style-type: none"> <li>Other land &amp; buildings: Depreciation – impairments written out to the SDPS – increased by £695,000</li> </ul>	
£2,115,000	<p><b>Note 8 – Property, Plant &amp; Equipment</b></p> <ul style="list-style-type: none"> <li>Other land &amp; buildings: Cost - revaluation increases/(decreases) recognised in the revaluation reserve – increased by £6,704,000</li> <li>Other land &amp; buildings: Cost - revaluation increases/(decreases) recognised in the SDPS – reduced by £8,819,000</li> </ul> <p><b>Comprehensive Income and Expenditure statement</b></p> <ul style="list-style-type: none"> <li>Education &amp; Youth: Gross Expenditure – increased by £7,993,000</li> <li>Housing &amp; Communities: Gross Expenditure – reduced by £86,000</li> <li>Social Services: Gross Expenditure – increased by £61,000</li> <li>Strategic Programmes: Gross Expenditure – increased by £851,000</li> <li>(Surplus)/Deficit arising on revaluation of non-current assets – increased by £6,704,000</li> </ul> <p><b>Movement in Reserves Statement (and analysis in Note 7):</b></p> <ul style="list-style-type: none"> <li>Council Fund Reserves: adjustments between accounting and funding basis under regulations - increased by £8,819,000</li> </ul> <p><b>Balance Sheet</b></p> <ul style="list-style-type: none"> <li>Revaluation Reserve – increased by £6,704,000</li> <li>Capital Adjustment Account – reduced by £8,819,000</li> </ul> <p>There are also associated amendments to the respective totals in the Cash Flow Statement, Expenditure and Funding account and accompanying notes in respect of the above adjustments.</p>	Incorrect Building Cost Information Service (BCIS) rates applied in asset uplift exercise

2022-23  
£4,154,000

2021-22  
£4,818,000

**Impact on 2022-23 balances**  
**Comprehensive Income and Expenditure statement**

- Education & Youth: Gross Expenditure – increased by £4,256,000
- Housing & Communities: Gross Expenditure – reduced by £30,000
- Strategic Programmes: Gross Expenditure – increased by £282,000
- Streetscene & Transportation: Gross Expenditure – reduced by £414,000
- (Surplus)/Deficit arising on revaluation of non-current assets – increased by £4,154,000

**Movement in Reserves Statement (and analysis in Note 7):**

- Council Fund Reserves: adjustments between accounting and funding basis under regulations - increased by £4,154,000

**Balance Sheet**

- Revaluation Reserve – increased by £4,154,000
- Capital Adjustment Account – reduced by £4,154,000

There are also associated amendments to the respective totals in the Cash Flow Statement, Expenditure and Funding account and accompanying notes in respect of the above adjustments.

**Impact on 2021-22 comparatives/ opening 2022-23 balances**

**Comprehensive Income and Expenditure statement**

- Education & Youth: Gross Expenditure – increased by £8,952,000
- Housing & Communities: Gross Expenditure – increased by £70,000
- Planning, Environment & Economy: Gross Expenditure – increased by £37,000
- Strategic Programmes: Gross Expenditure – increased by £654,000

Assets incorrectly having both a cumulative debit to CIES and a revaluation reserve balance



	<ul style="list-style-type: none"> <li>Streetscene &amp; Transportation: Gross Expenditure – reduced by £42,000</li> <li>(Surplus)/Deficit arising on revaluation of non-current assets – increased by £9,671,000</li> </ul> <p><b>Movement in Reserves Statement (and analysis in Note 7):</b></p> <ul style="list-style-type: none"> <li>Council Fund Reserves: adjustments between accounting and funding basis under regulations - increased by £9,671,000</li> </ul> <p><b>Balance Sheet</b></p> <ul style="list-style-type: none"> <li>Revaluation Reserve – reduced by £4,818,000</li> <li>Capital Adjustment Account – increased by £4,818,000</li> </ul> <p>There are also associated amendments to the respective totals in the Cash Flow Statement, Expenditure and Funding account and accompanying notes in respect of the above adjustments.</p>	
£660,000	<p><b>Note 8 – Property Plant &amp; Equipment</b></p> <ul style="list-style-type: none"> <li>Other land &amp; buildings: Depreciation – Impairments recognised in the Revaluation Reserve – reduced by £660,000</li> </ul> <p><b>Comprehensive Income and Expenditure statement</b></p> <ul style="list-style-type: none"> <li>(Surplus)/deficit arising on revaluation of non-current assets – increased by £660,000</li> </ul> <p><b>Movement in Reserves Statement (and analysis in Note 7):</b></p> <ul style="list-style-type: none"> <li>Unusable Reserves: Total Comprehensive income and expenditure – increased by £660,000</li> </ul> <p><b>Balance Sheet</b></p> <ul style="list-style-type: none"> <li>Revaluation Reserve – increased by £627,000</li> <li>Capital Adjustment Account – increased by £33,000</li> </ul>	Capital expenditure incorrectly treated as ‘non-enhancing’ and impaired

<p>£245,000</p>	<p><b>Note 9 – Investment Properties and Agricultural Estate</b></p> <ul style="list-style-type: none"> <li>Revaluation increases/(decreases) to surplus/deficit – increased by £245,000</li> </ul> <p><b>Note 5 – Financing and Investment Income and Expenditure</b></p> <ul style="list-style-type: none"> <li>Interest and investment income – increased by £245,000</li> </ul> <p><b>Movement in Reserves Statement (and analysis in Note 7):</b></p> <ul style="list-style-type: none"> <li>Council Fund Reserves: adjustments between accounting and funding basis under regulations – reduced by £245,000</li> </ul> <p><b>Balance Sheet</b></p> <ul style="list-style-type: none"> <li>Capital Adjustment Account – increased by £245,000</li> </ul> <p>There are also associated amendments to the respective totals in the Cash Flow Statement, Expenditure and Funding account and accompanying notes in respect of the above adjustments.</p>	<p>Asset reclassified to Investment property incorrectly transferred at nil value.</p>
<p>£32,000</p>	<p><b>Note 9 – Investment Properties and Agricultural Estate</b></p> <ul style="list-style-type: none"> <li>Revaluation increases/(decreases) to surplus/deficit – reduced by £32,000</li> </ul> <p><b>Note 5 – Financing and Investment Income and Expenditure</b></p> <ul style="list-style-type: none"> <li>Investment losses and investment expenditure – increased by £32,000</li> </ul> <p><b>Movement in Reserves Statement (and analysis in Note 7):</b></p> <ul style="list-style-type: none"> <li>Council Fund Reserves: adjustments between accounting and funding basis under regulations – increased by £32,000</li> </ul>	<p>All investment properties should be revalued each year – one asset was incorrectly omitted from the revaluation exercise</p>

	<p><b>Balance Sheet</b></p> <ul style="list-style-type: none"> <li>Capital Adjustment Account – decreased by £32,000</li> </ul> <p>There are also associated amendments to the respective totals in the Cash Flow Statement, Expenditure and Funding account and accompanying notes in respect of the above adjustments.</p>	
£1,077,000	<p><b>Note 8 – Property, Plant &amp; Equipment</b></p> <ul style="list-style-type: none"> <li>Other land &amp; buildings: Cost - revaluation increases/(decreases) recognised in the SDPS – reduced £1,077,000</li> <li>Other land &amp; buildings: Depreciation – reversal of impairments recognised in the surplus/deficit – increased by £821,000</li> <li>Other land &amp; buildings: Depreciation – impairments written out to SDPS – increased by £821,000</li> </ul> <p><b>Comprehensive Income and Expenditure statement</b></p> <ul style="list-style-type: none"> <li>Education &amp; Youth: Gross Expenditure – increased by £1,077,000</li> </ul> <p><b>Movement in Reserves Statement (and analysis in Note 7):</b></p> <ul style="list-style-type: none"> <li>Council Fund Reserves: adjustments between accounting and funding basis under regulations – increased by £1,077,000</li> </ul> <p><b>Balance Sheet</b></p> <ul style="list-style-type: none"> <li>Capital Adjustment Account – decreased by £1,077,000</li> </ul> <p>There are also associated amendments to the respective totals in the Cash Flow Statement, Expenditure and Funding account and accompanying notes in respect of the above adjustments.</p>	A valuation was completed on a piece of land the Council does not own and the value was incorrectly included on the balance sheet.

£1,048,000	<p><b>Balance sheet</b></p> <ul style="list-style-type: none"> <li>• Short term debtors: Payments in advance (also Note 13) – reduced by £1,048,000</li> <li>• Short term creditors: other creditors (also Note 17) – reduced by £1,048,000</li> </ul>	To remove balances incorrectly included as both a payment in advance and a creditor
£1,302,000	<p><b>Housing revenue account – income and expenditure statement</b></p> <ul style="list-style-type: none"> <li>• Expenditure: Rents, rates, taxes and other charges – reduced by £1,302,000</li> <li>• Income: Dwelling rents (gross) - reduce by £1,302,000</li> </ul>	Incorrect treatment of income foregone from void properties
£1,681,000	<p><b>Comprehensive Income and Expenditure statement</b></p> <ul style="list-style-type: none"> <li>• Streetscene and Transportation: Gross Expenditure – reduced by £1,681,000</li> <li>• Streetscene and Transportation: Gross Income – reduced by £1,681,000</li> </ul> <p><b>Note 2 – Segmental Income and Expenditure</b></p> <ul style="list-style-type: none"> <li>• Streetscene and Transportation: Revenues from external customers – reduced by £1,681,000</li> <li>• Streetscene and Transportation: Revenues from transactions with other operating segments - increased by £95,000</li> </ul>	Incorrectly treated internal recharges from Flintshire Construction Services.
Various: other presentational changes to supporting notes	A number of other narrative, presentational and minor amendments were made to supporting disclosure notes.	To ensure that all disclosures are accurately presented.

# Appendix 4

## Recommendations

We set out all the recommendations arising from our audit with management's response to them. We will follow up these next year and include any outstanding issues in next year's audit report:

### Exhibit 4: matters arising

<b>Recommendation 1 – Capital accounting and valuation issues</b>	
<b>Findings</b>	<p>As set out in Exhibit 1, our testing of Property, Plant &amp; Equipment revaluation movements identified several complex capital accounting and revaluation issues that took a significant amount of time to resolve during the audit.</p> <p>These issues resulted in material amendments to the financial statement detailed in Appendix 3 above.</p>
<b>Priority</b>	High
<b>Recommendation</b>	<p>There are several areas the Council should focus on to improve its arrangements:</p> <ul style="list-style-type: none"><li>• Strengthen engagement from the Council's valuation team in the production of the statement of accounts and the audit process, including providing more robust and timely responses to audit queries.</li><li>• Improve quality assurance and oversight of the valuation process to reduce the risk of errors and omissions.</li><li>• Ensure reports are run from Techforge at appropriate points through the valuation process and retained for audit purposes.</li><li>• Enhance quality assurance arrangements for review of proposed capital accounting entries once valuations have been processed through Techforge.</li></ul>

<b>Benefits of implementing the recommendation</b>	Improved controls and strengthening the quality of the draft statement of accounts, leading to a more timely and efficient audit process.
<b>Accepted in full by management</b>	Yes
<b>Management response</b>	TBC
<b>Implementation date</b>	TBC

## Recommendation 2 – related party transactions / declarations of interest

<b>Findings</b>	<p>Testing of the related parties disclosures in Note 28 identified several issues regarding the completeness of declared interests:</p> <p>One elected member had failed to declare their directorship of two companies. The Council was able to provide information confirming there were no transactions or balances between the Council and the two companies, therefore there was no impact on the disclosures in Note 28.</p> <p>Two elected members who were directors of NEW Homes Limited had failed to declare it in their annual declaration of interests. As transactions and balances with NEW Homes Ltd were already included in Note 28, therefore was no impact on the note.</p> <p>One elected member did not complete an annual declaration of interests. Consequently, we had to undertake additional audit procedures to gain assurance there were no omitted related party transactions.</p>
<b>Priority</b>	High
<b>Recommendation</b>	Review and update, where necessary, annual declarations guidance to members to clarify the need for all relationships and interests to be declared to ensure annual declarations of interest are complete and are received for all elected members
<b>Benefits of implementing the recommendation</b>	Greater transparency and more complete and accurate information to inform the related party transaction disclosures in the financial statements.
<b>Accepted in full by management</b>	Yes
<b>Management response</b>	TBC
<b>Implementation date</b>	TBC



Audit Wales

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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.



**Gary Ferguson**  
Corporate Finance Manager  
Rheolwr Cyllid Corfforaethol



Auditor General for Wales  
Wales Audit Office  
1 Capital Quarter  
Tyndall Street  
Cardiff  
CF10 4BZ

Your Ref/Eich Cyl  
Our Ref/Ein Cyf  
Date/Dyddiad  
Ask for/Gofynnwr am  
Direct Dial/Rhif Union  
Fax/Ffacs

LOR 2022.23  
10 April 2024  
Chris Taylor

10 April 2024

## Representations regarding the 2022-23 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Flintshire County Council for the year ended 31 March 2023 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

## Management representations

### Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23; in particular the financial statements give a true and fair view in accordance therewith;
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

County Hall, Mold. CH7 6NB  
[www.flintshire.gov.uk](http://www.flintshire.gov.uk)  
Neuadd y Sir, Yr Wyddgrug. CH7 6NB  
[www.siryfflint.gov.uk](http://www.siryfflint.gov.uk)



## Information provided

We have provided you with:

- full access to:
  - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
  - additional information that you have requested from us for the purpose of the audit; and
  - unrestricted access to staff from whom you determined it necessary to obtain audit evidence;
  
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects Flintshire County Council and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements;
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements; and
- the identity of all related parties and all the related party relationships and transactions of which we are aware;

## Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

### **Representations by Flintshire County Council**

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Governance and Audit Committee on 10 April 2024.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Signed by:

Gary Ferguson  
Corporate Finance Manager

Allan Rainford  
Chair of the Governance and  
Audit Committee

10 April 2024

10 April 2024

Mae'r dudalen hon yn wag yn bwrpasol

# Eitem ar gyfer y Rhaglen 5



## GOVERNANCE & AUDIT COMMITTEE

<b>Date of Meeting</b>	Wednesday 10 <sup>th</sup> April, 2024
<b>Report Subject</b>	Audit Wales report: Homelessness services - Flintshire County Council
<b>Cabinet Member</b>	Cabinet Member for Housing and Regeneration
<b>Report Author</b>	Chief Officer (Housing and Communities)
<b>Type of Report</b>	Operational

## EXECUTIVE SUMMARY

As part of the Audit Wales programme of work for 2023, homelessness was identified as an area of interest. The Council has flagged homelessness and housing needs as high-risk issues through local risk management frameworks and welcomed this review.

The review took place over several months from April 2023 through to September 2023. The final report was issued on the 11<sup>th</sup> January 2024.

This report outlines the process of the review by Audit Wales and shares the findings and their recommendations for the Council regarding the local approach to homelessness. The report also outlines the Council's response to those recommendations.

## RECOMMENDATIONS

1	To note the Audit Wales report into Homelessness Services at Flintshire County Council.
2	To note the Council's responses to the recommendations of Audit Wales for future monitoring and oversight purposes.

## **REPORT DETAILS**

<b>1.00</b>	<b>PROCESS OF THE AUDIT WALES REVIEW</b>
1.01	<p>The review of Homelessness Services sought to answer the question: In seeking to address homelessness, is the Council effectively adapting its strategic intent to deliver a long-term sustainable preventative approach?</p> <p>In answering the above question, the Audit Wales Team focussed on the following lines of enquiry:</p> <ul style="list-style-type: none"> <li>• Does the Council understand the homelessness situation and how it might change over time?</li> <li>• Has the Council set out what it wants to achieve and communicated that intention to its partners within and outside the Council?</li> <li>• Is the Council taking an integrated approach in seeking to deliver its objectives?</li> <li>• Is the Council collaborating effectively with the right partners, within and outside the Council to deliver its approach?</li> <li>• Is the Council allocating resources to deliver better outcomes over the short, medium and long term?</li> <li>• Is the Council monitoring and reviewing progress towards, short, medium and longer-term objectives?</li> </ul>
1.02	<p>The audit work involved document reviews, interviews with key senior officers and Elected Members, and focus groups with front line staff directly involved in providing homelessness services.</p> <p>The Wales Audit Team also completed a series of drop-in sessions for residents to attend should they wish to do so and held a focus group with a wide range of partner agencies from the third sector and other public services.</p>
1.03	Initial findings were shared by Audit Wales in November 2023 and the final report (Appendix 1) was issued to the Council on the 11 <sup>th</sup> January 2024.
1.04	The findings report and organisational response have been reviewed and supported by Community & Housing Overview & Scrutiny Committee (6 <sup>th</sup> March 2024) and Cabinet (12 <sup>th</sup> March 2024).
<b>2.00</b>	<b>REVIEW FINDINGS, RECOMMENDATIONS AND RESPONSE</b>
2.01	<p>The overall finding of the review by Audit Wales was that: the Council is delivering a high-quality service, but this is unsustainable with the level of current funding.</p> <p>The report also highlights the following:</p>

	<ul style="list-style-type: none"> <li>• The Council has a good understanding of the current and future situation.</li> <li>• The Council collaborates well with partners but needs to improve awareness of service demands with political partners.</li> <li>• The Council is reviewing how it delivers its service strategically and operationally.</li> <li>• The Council faces difficult decisions to ensure the service is sustainable in the future.</li> </ul>
2.02	<p>The Audit Wales Report offers the following three recommendations for the Council following their review of Homelessness Services in Flintshire:</p> <p>R1: To ensure the service is sustainable operationally and strategically, the Council ensures that funding is available to maintain its levels of service or make decisions on service delivery based on funds available.</p> <p>R2: The Council ensures arrangements for evaluating its homelessness activities are applied to all activities so it can provide assurance of its impact on service users and efficiencies.</p> <p>R3: To better understand the needs of residents, the Council should widen its engagement activity with residents to cover the development and evaluation of all services.</p>
2.03	<p>The Council's response to the Audit Wales report and the three recommendations is attached at Appendix 2.</p>

<b>3.00</b>	<b>RESOURCE IMPLICATIONS</b>
3.01	<p>Recommendation 1 focuses on the financial challenges of managing homelessness in Flintshire. Recommendations 2 and 3 can be absorbed through procedural changes within the commissioning and reviewing function of the Housing Support and Homelessness Service.</p> <p>Detailed below are the resource implications for the delivery of Homeless Services and responding to the Audit Wales Report.</p> <p><b>Revenue:</b> Statutory Homeless Services are funded through Council Fund. Additional duties placed on Councils and the current demands on services and homeless accommodation results in additional expenditure and budget pressures. Whilst some grant is available for 2024-2025 for emergency housing and other discretionary funding for crisis interventions, this is not sufficient to cover the full scale of the financial risk.</p> <p><b>Capital:</b> Creating more housing will require significant capital investment and has been flagged early within the Councils Capital Programme and Housing Revenue Account Business Plan. The Flintshire Housing</p>

	<p>Prospectus has been approved by Council and shared with our Housing Partners and Social Housing Grant (SHG) supports ambitious plans to increase housing supply at scale and pace.</p> <p><b>Human Resources:</b> Staff are under significant pressure with high levels of homelessness. Homeless officer caseloads are increasing at a time when Council Funds are under significant strain.</p>
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<b>4.00</b>	<b>IMPACT ASSESSMENT AND RISK MANAGEMENT</b>
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4.01	<p>The following risks along with mitigation will enable the Council to respond to the findings of the Audit Wales Report and ongoing homelessness agenda in Flintshire:</p> <p><b>Risk:</b> Reputational damage and negative impact to service delivery and Council finances by failing to respond to the findings of the Audit Wales Report.</p> <p><b>Mitigations:</b> Adopt and deliver the suggested organisational response to the Audit Wales Report as outlined in Appendix 2.</p>
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3.02	<b>Ways of Working (Sustainable Development) Principles Impact</b>	
	Long-term	Positive – Increase in targeted support and alternative delivery methods to ensure services are inclusive for all.
	Prevention	Prevention – Preventing homelessness through ensuring there is adequate support and accommodation to cater for a range of people’s needs.
	Integration	Positive – Increased integration between services and partner organisations
	Collaboration	Positive – Increased collaboration between services, partner organisations and service users
	Involvement	Positive – Service user involvement to help shape effective services so that support is timely, and person centred

3.03	<b>Well-being Goals Impact</b>	
	Prosperous Wales	Positive – With additional funding more jobs will be created to deliver housing related support on a greater scale within Flintshire.



	Resilient Wales	Positive – Creating services that are prevention focused and build resilience to avoid households becoming homeless.
	Healthier Wales	Positive – Reduction in homelessness, overcoming health inequalities associated with homelessness and poor housing conditions and best use of resources to increase targeted support for people with housing issues and other complex needs.
	More equal Wales	Positive – Services are delivered in a way that are inclusive for all. Consideration has been given to local and regional gaps in provision for often marginalised communities such as the homeless, those with mental health or substances issues and the LGBTQ+ community.
	Cohesive Wales	No Impact
	Vibrant Wales	No impact
	Globally responsible Wales	No impact

<b>5.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
5.01	The Audit Wales Team engaged with residents, front line staff, partners and senior leaders and politicians at the Council as part of their review.
5.02	Recommendation 3 of the Audit Wales report highlights a need to extend consultation and engagement activities associated with homelessness in Flintshire and the Audit Response attached as Appendix 2 outlines the approach that shall be taken to achieve better engagement with residents.
5.03	The report was presented to the Community, Housing and Assets Overview and Scrutiny Committee on the 6 <sup>th</sup> March, 2024 and Cabinet on the 12 <sup>th</sup> March 2024.

<b>6.00</b>	<b>APPENDICES</b>
6.01	Appendix 1: Audit Wales Report into Homeless Services – Flintshire County Council
6.02	Appendix 2: Flintshire County Council - Organisational Response Action Plan

<b>7.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
7.01	<a href="#">Audit Wales Report – Rough Sleeping in Wales: Everyone’s Problem; No One’s Responsibility</a>

<b>8.00</b>	<b>CONTACT OFFICER DETAILS</b>
8.01	<p><b>Contact Officer:</b> Martin Cooil – Housing &amp; Prevention Service Manager  <b>Telephone:</b> 07880 423234  <b>E-mail:</b> <a href="mailto:martin.cooil@flintshire.gov.uk">martin.cooil@flintshire.gov.uk</a></p>

<b>9.00</b>	<b>GLOSSARY OF TERMS</b>
9.01	<p><b>Audit Wales</b> - Is the trademark of two legal entities, the Auditor General for Wales and the Wales Audit Office. Its role is to assure the people of Wales that public money is being managed well, as well as explaining how public money is being used and how it meets people’s needs.</p> <p><b>Housing Support Grant (HSG)</b> - The HSG programme brings the historic funding streams for Supporting People, Homelessness Prevention and Rent Smart Wales grants into one single funding stream.</p> <p><b>Housing Revenue Account (HRA)</b> - The Council is required to keep a HRA to record all income and expenditure relating to the provision of local authority housing. All rental income, including arrears, must be held with a ring fenced HRA account. This means that income can only be used for council housing purposes and not general expenditure. This also allows rental income to be invested locally to help improve and maintain council owned homes and build new council homes.</p>

## Homelessness services – Flintshire County Council

Audit year: 2022-2023

Date issued: December 2023

Document reference: 3981A2023

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# Summary report

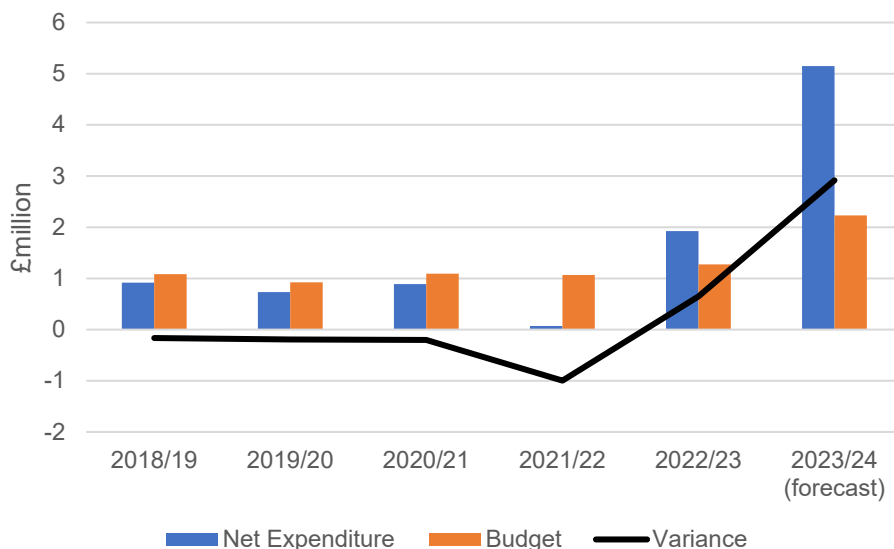
## Context

- 1 The Housing (Wales) Act 2014 places a statutory duty on each Council in Wales to formulate a homelessness strategy, which should achieve the following objectives:
  - the prevention of homelessness;
  - that suitable accommodation is and will be available for people who are or may become homeless; and
  - that satisfactory support is available for who are or may become homeless.
- 2 In 2022, Flintshire County Council (the Council) approved its own Housing Support Programme Strategy, which sets out the strategic direction for homelessness prevention and housing related support services for 2022-2026
- 3 In a 2018 national report, the Auditor General reported that homelessness ‘...is more than a housing problem with much of what of what causes homelessness being outside the control and influence of a council’s homelessness services.’
- 4 One of the recommendations of the report was:
  - ‘We recommend that councils set out and agree their expectations of partners identifying how they work together to alleviate homelessness. The agreement should be reviewed regularly, and all partners’ performance reviewed to identify areas for improvement.’
- 5 Currently, the Council faces several external risks that may potentially increase the number of households seeking support from the homelessness service. Given these factors, it is timely to review the Council’s approach to homelessness prevention.
- 6 We undertook the review during the period April 2023 to October 2023.

## Current situation

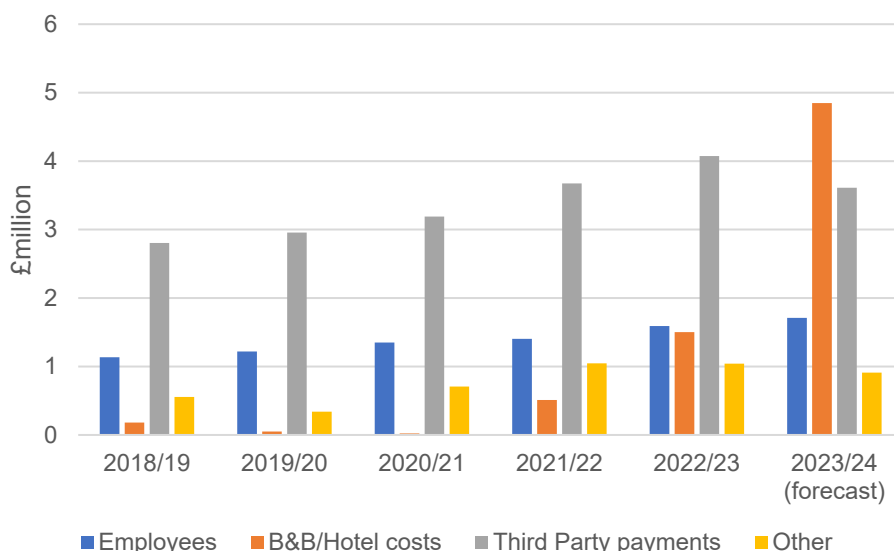
- 7 As at month 5 in the 2023-24 financial year, budget and net expenditure data for Housing Solutions showed some of the pressures facing the service currently. Although the budget has risen since COVID, the forecast net expenditure in 2023-24 is five times higher than pre-COVID levels. The forecast overspend for the service in 2023-24 at that time was £2.9 million.

**Exhibit 1: Housing Solutions spend, 2018-2019 to 2023-2024 (forecast)**



8 An analysis of net expenditure by area shows that the increase in overall net expenditure is almost wholly accounted for by the increase in bed & breakfast and hotel costs. As at month five of the 2023-24 financial year, the council forecasted a spend of £4.847 million on bed & breakfast / hotel accommodation in 2023-24 compared to £1.503 million in 2022-23.

**Exhibit 2: Housing Solutions spend by area, 2018-19 to 2023-24 (forecast)**



'Other' includes: premises, transport, transfer payments and supplies and services (excluding B&B/Hotel costs)

9 A Section 62 assessment is completed for every individual or household that applies for access to homelessness services. In 2018/19, there were 1,102 applications in Flintshire. In 2021/22 and

2022-23 there were 671 and 911 respectively. Comparing the data across this period is difficult due to the impact of Covid.

## What we found

- 10 Our review sought to answer the question: In seeking to address homelessness, is the Council adapting its strategic intent to deliver a long-term sustainable preventative approach?

## We found that: the Council is delivering a high quality service, but this is unsustainable with its current funding

### The Council has a good understanding of the current and future situation

- 11 The Council understands the factors impacting on the homelessness situation it currently faces and how these factors are changing over time. It draws on evidence from a range of internal and external sources, including:
- the use of commissioned research to understand the circumstances of households presenting to the service;
  - internal audit review of current housing stock;
  - review of the customer journey through the service to understand their perspective and experience;
  - the sharing of data with external partners; and
  - the development of a new Housing Solutions case management system (database), which will provide improved case management information.
- 12 The Council also draws on a range of evidence to understand future demand, which includes:
- mapping out the impact of increasing rent charges on the affordability of properties for residents;
  - the financial impact of tapering support from Welsh Government to help the Council support asylum seekers and refugees;
  - working with landlords to understand potential reduction in stock as landlords withdraw from the rental market; and
  - mapping the current stock of housing against demand to understand what types of properties will be required to support demand in the future.
- 13 This understanding of the factors impacting on homelessness in Flintshire allows the council to make informed decisions about service provision and identify factors that will impact on the service in the future.
- 14 Currently the Council does not regularly engage with service users to gain their perspective on services. This could lead to the Council providing services that do not meet the need of service users.

## **The Council collaborates well with partners but needs to improve awareness of service demands with political partners**

- 15 The Homelessness service works well with partners and has communicated its strategy and objectives across service areas and with senior leaders and Members.
- 16 Internally, the service ran workshops with Members and officers to publicize the current Housing Support strategy, and the homelessness team continue to work with other service areas, for instance working with planning and housing services to identify and bring back into use empty properties not currently available to meet local housing needs.
- 17 The Homelessness service engages effectively with external partners, including:
  - Citizens Advice Flintshire
  - Shelter Cymru
  - Domestic Abuse Safety Unit
  - The Wallich; and
  - Probation service
- 18 The homelessness service has built an excellent reputation with external partners for its openness and professionalism. Partners told us that they felt that their input and professional judgement was valued and acted on by officers. The council has also run workshops with external partners to identify issues and share good practice.
- 19 The Council uses embedded staff members to improve partnership working. An officer from Shelter Cymru has worked in the Homelessness team for seven years and a Council Homelessness officer now works in the Early Help Hub. These arrangements have resulted in a low number of case reviews and improved collaboration and information sharing with external partners.
- 20 The strategic relationship with Registered Social Landlords is good. This allows the Council to understand the issues faced by landlords, and to find collaborative solutions, particularly around developing supported accommodation.
- 21 The Council interacts with a range of elected members, internal and external, who provide challenge to the service and represent constituents. However, engagement with political partners about individual cases takes up considerable resources within the homelessness service.

## **The Council is reviewing how it delivers its service strategically and operationally**

- 22 The Homelessness service is facing an increase in demand, with presentations becoming more complex and expectations of service users higher than before.
- 23 The planned re-structure of the homelessness service shows that the Council understands the need to increase strategic and operational capacity. This re-structure is key and could provide direction for the service and provide assurance over the future of the service. The re-structure of the service will be funded through use of the Council Fund and Housing Support Grant.
- 24 Some activity carried out by the Homelessness service is aimed at reducing the risk of crisis and making savings in the long term. This activity, such as target hardening to allow families at risk of violence or abuse to stay in their existing property, aims to avoid re-housing families, minimise disruption and the risk of crisis, and reduce costs to the service. The Council currently does not



formally evaluate such projects. Without evaluating such projects, the Council cannot assure itself of the impact or value for money achieved.

### **The Council faces difficult decisions to ensure the service is sustainable in the future**

- 25 As at month five of the 2023-24 financial year, the predicted overspend for housing solution services in 2023-24 is £2.96m. This follows a budget increase from £1.275m in 2022-23 to £2.232m in 2023-24.
- 26 Income to the service is higher than in pre-COVID years but is forecast to drop in 202-24 compared to 2022-23 (£6.285m to £5.93m). Total expenditure continues to rise and has done in every year since 2019-20. The forecast figure for 2023-24 is £11.078m, a potential increase of nearly £3m from 2022-23.
- 27 Net expenditure in 2023-24 is forecast to be £5.148m. This is an increase from the 2022-23 figure of £1.924m.
- 28 The Council is currently trying to provide a service to meet demand on a budget that does not meet this ambition.

### **Recommendations**

- 29 To ensure the service is sustainable operationally and strategically, the Council ensures that funding is available to maintain its levels of service or make decisions on service delivery based on funds available.
- 30 The Council ensures arrangements for evaluating its homelessness activities are applied to all activities so it can provide assurance of its impact on service users and efficiencies.
- 31 To better understand the needs of residents, the Council should widen its engagement activity with residents to cover the development and evaluation of all services.



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## Organisational response

**Report title:** Homelessness services in Flintshire

**Completion date:** December 2023

**Document reference:** 3981A2023

Tudalen 219

Ref	Recommendation	Organisational response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R1  Tudalen 220	To ensure the service is sustainable operationally and strategically, the Council ensures that funding is available to maintain its levels of service or make decisions on service delivery based on funds available.	<b>Monitoring of revenue budget position against MTFS position and modelling undertaken</b>	End March 2025	Chief Officer, Housing and Communities / Strategic Finance Manager
		<b>Implementation of agreed mitigation measures</b>	End March 2025	Chief Officer, Housing and Communities
		<b>Implementation of service restructure to maximise resources for service delivery</b>	End June 2024	Housing & Prevention Service Manager
R2	The Council ensures arrangements for evaluating its homelessness activities are applied to all activities so it can provide assurance of its impact on service users and efficiencies.	<b>Identify and document all homelessness activities - not limited to Housing Support Grant Commissioned Services.</b>	End March 2024	Housing & Prevention Service Manager
		<b>Review the evaluation processes that are currently in place for Housing Support Grant services and develop this further to enhance impact assessments and cost benefit analysis and apply to all the above identified homelessness activities.</b>	End June 2024	Commissioning & Reviewing Manager
		<b>Develop a rolling programme and local processes for the evaluation for all identified homelessness activities.</b>	End June 2024	Commissioning & Reviewing Manager

R3

To better understand the needs of residents, the Council should widen its engagement activity with residents to cover the development and evaluation of all services.

**Build on existing resident engagement activities and develop a resident engagement framework for homelessness services that includes development and evaluation of services**

**End Sept 2024**

**Housing & Prevention Service Manager**

Tudalen 221

Mae'r dudalen hon yn wag yn bwrpasol

# Eitem ar gyfer y Rhaglen 6



## GOVERNANCE AND AUDIT COMMITTEE

<b>Date of Meeting</b>	Wednesday, 10 <sup>th</sup> April 2024
<b>Report Subject</b>	Assurance and Risk-Assessment Review Report
<b>Report Author</b>	Chief Executive

### EXECUTIVE SUMMARY

This report summarises Audit Wales findings in the areas where they have undertaken more detailed Assurance and Risk Assessment work. Audit Wales will also produce an Annual Audit Summary that will summarise all their audit work undertaken since their last Annual Audit Summary in January 2022.

For this review Audit Wales focused on the following areas at the Council:

- Implications of the Local Government and Elections (Wales) Act 2021 including self-assessment arrangements
- Carbon reduction plans

The Assurance and Risk Assessment project has been ongoing throughout the year. We held a workshop with the Council officers in February 2023 at which we shared emerging findings in relation to some aspects of this work. We also used the workshop to gather the perspectives of senior managers on the key audit risks in relation to the Council and to inform our forward planning.

### RECOMMENDATIONS

1	That the Governance and Audit Committee is assured by the content and observations of the Auditor General for Wales' Assurance and Risk-Assessment Review Review.
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### REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE ASSURANCE AND RISK-ASSESSMENT REVIEW REPORT</b>
1.01	This report summarises Audit Wales findings in the areas where they have undertaken more detailed Assurance and Risk Assessment work. Audit Wales will also produce an Annual Audit Summary that will summarise all their audit work undertaken since their last Annual Audit Summary.

	<p>During this review, Audit Wales focused on the following areas at the Council:</p> <ul style="list-style-type: none"> <li>• Implications of the Local Government and Elections (Wales) Act 2021 including self-assessment arrangements</li> <li>• Carbon reduction plans</li> </ul>
1.02	<p><b>Implications of the Local Government and Elections (Wales) Act 2021 including self-assessment arrangements</b></p> <p>Overall Audit Wales confirmed that The Council is putting in place arrangements to assure itself that it is meeting the requirements of the Local Government and Elections (Wales) Act 2021. There were no recommendations for improvements reported.</p>
1.03	<p><b>Carbon reduction plans</b></p> <p>Audit Wales reported that the Council has a clear vision and strategic support for its approach to decarbonisation and net zero by 2030, articulated in its decarbonisation plan and its corporate priorities and recognises the challenges between its current emissions and achieving net zero by 2030 but developing better data on the cost and carbon impacts of its interventions would support it in the prioritisation of its resources.</p> <p>For the detailed finding refer to page Appendix A, paragraphs 13 – 20.</p>
1.04	<p>Overall there was one recommendation in relation to Carbon Reduction.</p> <p>R1 - In order to meet its net zero ambition, the Council needs to fully cost its action plan and ensure that it is aligned with its Medium-Term Financial Strategy. If the Council does not develop more detailed business plans which will estimate the investment required, it is unlikely to be able to achieve its goal of becoming net zero carbon by 2030.</p> <p>In accordance with the external regulatory reporting protocol, this report has been presented to Cabinet on 14 March 2024 and Climate Change Committee. Hyperlink to these reports can be found in 5.01 background information.</p>
1.05	<p>In responding the Audit Wales report, Cabinet was advised that in terms of ensuring investment is committed within the Council’s Medium Term Financial Strategy, within the Capital Programme 2024-25 to 2026-27, a number of schemes are included which address our carbon commitments. Within proposed allocations, the Private Sector Housing Renewal, school building works and corporate property works commitments all include elements of decarbonisation where assets within properties are not automatically changed like for like but include consideration of low carbon alternatives as part of an ongoing maintenance regime.</p> <p>Within the proposed investment schemes are three projects – Joint Archive Facility, Croes Atti Residential Care Home, and Re:Fit framework.</p>



	<p>These schemes address the Council's carbon commitments.</p> <p>The joint archive facility and Croes Atti care home have been designed to be net zero carbon in operation (NZCio). This is in line with our climate change strategy's action to 'Design and refurbish buildings for NZCio'.</p> <p>The Re:Fit framework is a national procurement framework specifically for energy efficiency and renewable energy works across Public Sector buildings and land assets where the Council has committed £1.5 million investment over 2024-25 and 2025-26. This framework will accelerate the decarbonisation of our building assets while realising energy and cost savings from the energy works.</p> <p>Within the Medium Term Financial Strategy 2024/25, £2.684m has been incorporated within Streetscene and Transportation acknowledging the anticipated costs around fleet including the transition to Ultra Low Emissions Vehicles.</p> <p>These projects within the Council's Medium Term Financial Strategy and Capital Programme demonstrate that the Council is forecasting and developing businesses plans for investment towards its net zero goals.</p>
1.06	<p>In terms of the requirement for the Council to cost its action plan, <b>Appendix B</b> details some of the key actions within the Climate Change Strategy, along with high level financial implications and associated carbon savings. The 'Buildings' and 'Mobility and Transport' themes cover the Council's Scope 1 and 2 emissions (with some Scope 3). Currently, industry best practice has focussed on development of tools to effectively cost Scope 1 and Scope 2 emissions.</p> <p>Within the Buildings theme of the CCS, there is a projected target of a 60% reduction in emissions equating to 6,448tCO<sub>2</sub>e by 2030. Emissions within this theme come from the energy used within our building assets – electricity, heating, and water. The main actions within this theme to contribute to this reduction are CCBu2 (reviewing and rationalising building assets), CCBu3 (improving energy efficiency within existing Council buildings) and CCBu5 (designing and refurbishing buildings for NZCio).</p> <p>As we do not have a clear and up-to-date picture of our building assets and the measures that can still be taken to decarbonise them, we have had to utilise high-level best practice tools that rely on assumptions around our building's condition.</p> <p>In order to achieve this reduction, there is an estimated capital cost in excess of £66million. This was calculated using best practice assumptions: a 20-30% increase to capital works programmes to design and build to NZCio standard and the utilisation of a high-level costing tool developed by Pembrokeshire County Council.</p> <p>Welsh Government have commissioned AECOM Building condition and energy surveys which will allow us to better understand the current condition of school buildings and the works that can still be undertaken to decarbonise them. This information will inform costing of works needed to further decarbonise these assets.</p>

	<p>The Council has also committed £1.5million over 2023-25 as part of Re:Fit 4 to provide energy efficiency and renewable energy works across its assets. This will realise carbon savings around 892tCO<sub>2</sub>e with a seven-year payback.</p> <p>The Council has been investing in energy efficiency works for a number of years reducing carbon emissions from energy use by up to 60% based on a 2009 baseline. Many of these works have been financed through SALIX interest free loans and the recycling fund and Prudential borrowing.</p> <p>These works have been developed through robust business cases on an invest to save where energy efficiency and renewable energy investment returns cost savings and income streams.</p> <p>Further potential options include Power Purchase Agreements for renewable energy installations whereby a business agrees to purchase electricity directly from an energy generator instead of purchasing electricity from the grid. With the already committed works there is confidence that a better understanding of financial commitment to decarbonise this theme can be determined.</p>
1.07	<p>Within the Mobility and Transport theme of the CCS, there is a projected target of 80% reduction in emissions equating to 5,372tCO<sub>2</sub>e by 2030. Emissions in this theme come from fleet travel, business travel and employee commuting. The main actions within this theme centre around the transition of our fleet to ULEV, investing in EV charging infrastructure both publicly and corporately to facilitate this transition, and the development of a salary sacrifice scheme for employees for a ULEV vehicle.</p> <p>Financial costings within this theme are difficult to determine currently. The first phase of public EV charging infrastructure was rolled out in 2023 at a cost of £155k. This was funded by the On Street Residential Chargepoint Scheme (ORCS). £42k has been secured from WG for a feasibility study for Phase 2 which will advise on further potential investment.</p> <p>The Council's fleet vehicles cannot transition to alternative fuels without a clear vision of what infrastructure solutions may be needed to ensure front line operations are not adversely impacted. Costs exist with the provision and installation of EV charging infrastructure at corporate locations to facilitate this transition with the associated drawbacks such as the estimated cost of upgrading the grid capacity at Alltami depot to accommodate charging facilities.</p> <p>A feasibility study has been commissioned on the corporate estate to determine next steps with future service and aspirations including ULEV transition.</p> <p>Costs associated with the transition of Council fleet vehicles to ULEV is also unclear due to market fluctuations. The Council's current fleet model will be addressed in an Ultra Low Emissions Vehicle (ULEV) plan, and this will be informed by the feasibility study as mentioned above.</p>

	With the already committed works there is confidence that a better understanding of financial commitment to decarbonise this theme can be determined.
1.08	<p>It should be noted that every public sector body is experiencing the same difficulty with costing climate actions. As was detailed within our own Climate Change Strategy, this is due to a number of factors: the volatile financial climate, the changing energy prices, lack of ability or understanding to apply financials to non-quantitative factors (such as behaviour change), and an ever evolving and developing industry where we do not currently have all of the answers to mitigate our climate impacts.</p> <p>The Council continues to network within the Public, Private and Third sectors to keep abreast of good practice and developments both in terms of methodologies and technologies.</p> <p>The Council has a demonstrable track record of taking innovative action to achieve its long-term goals for example, investment in large scale renewables, working with universities to pilot research programmes, and collaborating with other public sector bodies to achieve shared outcomes. The Council will continue to do this in achieving its ambitious net zero goals.</p>

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	<p>As reported to Cabinet, Capital investment is required to realise these actions, however the Council has a history of both invest to save, and utilising external funding streams to realise the aims around decarbonisation. The Council continues to ensure it is appraised with available external funding opportunities and adopts collaborative working to reduce costs where possible.</p> <p>Revenue resource will also be required to manage and implement some of these interventions. Compared to neighbouring authorities, the Council has limited dedicated resource for the programme, and officers' ability to lead on projects alongside their usual roles may be unsustainable and risk the progress of programme delivery.</p> <p>Business cases will continue to be developed for projects on an as and when basis.</p>

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	Both Cabinet and Climate Change Committee received a copy of the report for endorsement prior to reporting this report to Governance and Audit Committee.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	Findings from the Audit Wales are risk managed as part of regular monitoring.

<b>5.00</b>	<b>APPENDICES</b>
5.01	<b>Appendix A:</b> Audit Wales Assurance and Risk Assessment Review <b>Appendix B:</b> Estimated costings and carbon savings for key Climate Change strategy actions

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p><b>Cabinet Report – 14<sup>th</sup> March 2024</b>  <a href="https://committeemeetings.flintshire.gov.uk/documents/s80332/Audit%20Wales%20Assurance%20Risk%20Assessment%20Report%20Carbon%20reduction%20plan.pdf?LLL=0">https://committeemeetings.flintshire.gov.uk/documents/s80332/Audit%20Wales%20Assurance%20Risk%20Assessment%20Report%20Carbon%20reduction%20plan.pdf?LLL=0</a></p> <p><b>Climate Change Committee Report – 19<sup>th</sup> March 2024</b>  <a href="https://committeemeetings.flintshire.gov.uk/documents/s80497/Audit%20Wales%20Assurance%20Risk%20Assessment%20Report%20-%20Carbon%20reduction%20plan.pdf?LLL=0">https://committeemeetings.flintshire.gov.uk/documents/s80497/Audit%20Wales%20Assurance%20Risk%20Assessment%20Report%20-%20Carbon%20reduction%20plan.pdf?LLL=0</a></p>

<b>7.00</b>	<b>CONTACT OFFICER DETAILS</b>
7.01	<p><b>Contact Officer:</b> Lisa Brownbill, Internal Audit, Performance and Risk Manager</p> <p><b>Telephone:</b> 01352 702231</p> <p><b>E-mail:</b> <a href="mailto:Lisa.brownbill@flintshire.gov.uk">Lisa.brownbill@flintshire.gov.uk</a></p>

<b>8.00</b>	<b>GLOSSARY OF TERMS</b>
8.01	<b>Audit Wales:</b> 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.

## Assurance and Risk Assessment Review – Flintshire County Council

Audit year: 2021-22

Date issued: July 2023

Document reference: 3553A2022

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.



## What we reviewed and why

- 1 We undertook this 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. This project also helped us to assess the extent to which the Council is applying the sustainable development principle in taking steps to meet its well-being objectives.
- 2 This report summarises our findings in the areas where we have undertaken more detailed Assurance and Risk Assessment work. We will also produce an Annual Audit Summary in Spring 2023 that will summarise all of our audit work undertaken since our last Annual Audit Summary in January 2022.
- 3 We focused in particular on the following areas at the Council:
  - Implications of the Local Government and Elections (Wales) Act 2021 including self-assessment arrangements
  - Carbon reduction plans
- 4 Our evidence base for this work included conversations with officers and reviewing relevant documents.
- 5 The Assurance and Risk Assessment project has been ongoing throughout the year. We held a workshop with the Council officers in February 2023 at which we shared emerging findings in relation to some aspects of this work. We also used the workshop to gather the perspectives of senior managers on the key audit risks in relation to the Council and to inform our forward planning.



## Implications of the Local Government and Elections (Wales) Act 2021

### **The Council is putting in place arrangements to assure itself that it is meeting the requirements of the Local Government and Elections (Wales) Act 2021**

- 6 We reviewed the arrangements the Council is putting in place to respond to the Local Government and Elections (Wales) Act 2021 (the 2021 Act).
- 7 The 2021 Act requires councils to keep performance under review and consult and report on performance through a self-assessment. Councils must publish a self-assessment of their performance for each financial year. During 2021-22 the Council has taken forward actions to implement the self-assessment duties. The Council published its first self-assessment report in November 2022. This was following consideration of the draft report by Council, scrutiny committee workshops and Governance and Audit Committee (GAC).
- 8 The Council plans to discharge its consultation duty under the 2021 Act through existing mechanisms of engagement with the trade unions, businesses in the local area, residents and Council staff.
- 9 The Council has updated the GAC's Terms of Reference to reflect the 2021 Act. The GAC's membership is in accordance with the 2021 Act, with one third of the committee being lay persons. Recruitment of the lay persons was completed on time and observation by Audit Wales staff of Flintshire GAC meetings during 2022 indicates that the new arrangements appear to be working satisfactorily and meetings are consistently well chaired. The lay persons, along with elected councillors who are GAC members, have received introductory training on their role.

## Carbon reduction plans

### Context

- 10 In July 2022, the Auditor General published Public Sector readiness for Net Zero Carbon by 2030<sup>1</sup>, which looked at decarbonisation actions in 48 public bodies, including all councils. This report found uncertainty that the collective ambition for a net zero public sector by 2030 will be met. Our work identified significant, common barriers to progress that public bodies must collectively address to meet the collective ambition. We found that while public bodies are demonstrating commitment to carbon reduction, they must now significantly ramp up their activities, increase collaboration and place decarbonisation at the heart of their day-to-day operations and decisions.
- 11 In the report, the Auditor General makes the following five calls for action from public bodies:
- strengthen your leadership and demonstrate your collective responsibility through effective collaboration;
  - clarify your strategic direction and increase your pace of implementation;
  - get to grips with the finances you need;
  - know your skills gaps and increase your capacity; and
  - improve data quality and monitoring to support your decision making.
- 12 The following paragraphs set out the findings of our local audit work on the Council's decarbonisation action plan. These findings sit within the wider context of the Auditor General's July 2022 report. That report calls for increased pace and stronger leadership across Wales in reducing carbon emissions.

<sup>1</sup> Audit Wales, [Uncertainty that the ambition for a net zero public sector will be met, according to Auditor General, July 2022.](#)

**The Council has a clear vision and strategic support for its approach to decarbonisation and net zero by 2030, articulated in its decarbonisation plan and its corporate priorities and recognises the challenges between its current emissions and achieving net zero by 2030 but developing better data on the cost and carbon impacts of its interventions would support it in the prioritisation of its resources.**

- 13 The Council has a vision for decarbonisation and has stated its ambition of becoming a net zero Council by 2030 within its latest Climate Change Strategy (CCS), which was approved by Cabinet in February 2022. Whilst the CCS sets out the Council's journey towards net zero, the Council have recognised that these steps on their own will still not be enough to achieve net zero by 2030 and that advances in technology and a significant increase in sequestration will be important areas if the gap is to be bridged. There are clear links between the CCS and two of the Council's Well Being Objectives and the Sustainable Development principle is being used to support the delivery of the CCS has been defined within the CCS accompanying Integrated Impact Assessment.
- 14 The Council was part of Welsh Government's pilot for the Net Zero data collection and therefore they have a well-developed understanding of their Carbon footprint and have confidence in their baseline data. In understanding their footprint, the Council have also been able to articulate the gap between current emission and net zero. The Council have told us that they will continuing to improve the methods used to calculate their footprint data. Having robust data has enabled the Council to develop its interventions to address the areas with the greatest emissions.
- 15 The Council has estimated the cost of reaching net zero by 2030, which exceeds £22m and recognised that funding for this has not yet been identified and this represents a barrier to meeting this target.
- 16 The CCS includes a detailed Action Plan for each priority area. Supporting this overarching Action Plan are more detailed action plans. The Council have told us that the full financial and Carbon impact of each of these interventions has not been assessed as the estimates would be impacted by changing externalities meaning that they would quickly become out of date. However, they also confirmed that projects are selected with priority being given to those projects that will have a direct impact on their carbon baseline and in the areas that they consider to have the biggest CO2 impact such as energy efficiency retrofitting of buildings and transitioning the fleet to become electric. Having a comprehensive understanding of the carbon and cost impacts for each of the projects/interventions within the detailed action plans would improve the Council's decision making around how its prioritises its interventions.
- 17 The Council have established a cross political Programme Board (now Climate Change Committee) to provide governance around its climate change agenda and

it has clearly articulated how it proposes to provide governance and to monitor progress on its journey towards net zero in its CCS, with scrutiny provided by progress reports to the Environment & Economy Scrutiny Committee. The CCS includes a number of specific targets and milestones for the journey to achieving net zero. However, the Council recognises that there is more work to do to ensure that reporting and monitoring is integrated in the Council's performance management process. The Council has also told us that it proposes to use its public facing Climate Change webpages for future public reporting on its annual progress.

- 18 The Council have reported that its CCS has been developed through engagement with Members, Officers, through workshops and training, The Council also ran a public engagement period through October and November 2021 and also engaged with primary and secondary schools. The Council have told us that the feedback from this engagement was further developed in internal workshops with each of the portfolio areas across the Council's services and was used to further develop the Strategy.
- 19 The Council is engaged in several strategic partnerships which will support its ambition towards net zero, such as the development of Parc Adfer waste to energy facility. The Council have also told us that it continues to work closely with the North Wales Economic Ambition Board, the Joint Public Service Board and others in delivering its ambitions around decarbonisation, however also recognised that in particular joint projects with PSB partners are challenging due to the different levels of carbon maturity within partner organisations. The Council is also part of the North Wales Decarbonisation Officers group where learning is shared and projects such as, procuring a single climate changing training solution, are being developed.
- 20 The Council have told us that they have invested over £2.5 million over the last ten years in its energy programme. It has also been successful at attracting external funding such as the Welsh Government's Optimised RetroFit2 fund, which will support retro energy efficiency measures to decarbonise its housing stock. However, the Council has also stated that finding the resources to deliver its ambition represents both a short and long-term risk and that significant investment will be required if the Council is to achieve its goal of becoming net zero carbon by 2030. The Council recognises that currently the Climate Change Strategy has not been fully resourced, although work is underway to develop more detailed business plans which will estimate the investment required. Once there is a clearer understanding of the financial investments required for the proposed interventions these should be fully reflected in any future Medium Term Financial Strategy.





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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.

Estimated costings and carbon savings for key Climate Change strategy actions

<b>Buildings theme</b>		<b>Projected reduction based on actions within plan</b>	<b>Balance of tCO2e after actions</b>	<b>Current emissions (2022-23)</b>	<b>Cost</b>
To reduce carbon emissions from Council non-domestic buildings by 60% by 2030		6,448 (60% of 10,747tCO2e baseline)	4,298	7,828	In excess of £66million
<b>Ref</b>	<b>Activity</b>	<b>Timetable</b>	<b>Projected costs (£)</b>	<b>tCO2e savings</b>	
CCBu2	Review and rationalise building assets	Short - Medium	Relocation costs with potential income from disposal	533 from disposal of a large office space such as County Hall	
CCBu3	Improve energy efficiency within existing Council buildings	Short - Medium	Current RE:fit investment of £1.5mill, plus high level calculation £66mill.	6,448 based on 60% of baseline	
CCBu5	Design and refurbish buildings for net zero carbon operation	Short - Medium	Typically adds 20-30% increase in total cost to meet NZCio standard from design stage.	341 based on current new builds Ysgol Mynydd Isa, Ysgol Croes Atti & Croes Atti care home achieving NZCio.	

<b>Mobility &amp; Transport theme</b>		<b>Projected reduction based on actions within plan</b>	<b>Balance of tCO2e after actions</b>	<b>Current tCO2e (2022-23)</b>	<b>Cost</b>
To reduce carbon emissions from fleet travel, business travel and staff commuting by 80% by 2030		5,372 (80% of 6,716tCO2e baseline)	1,343	5,517	In excess of £1million
<b>Ref</b>	<b>Activity</b>	<b>Timetable</b>	<b>Projected costs (£)</b>	<b>tCO2e savings</b>	
CCM2	Continue to implement and develop agile working practices to reduce employee journeys and utilise virtual meetings.	Short - Medium	Potential set up costs for staff salary sacrifice scheme.	120 based on potential of staff interested in salary sacrifice scheme for ULEV and using this vehicle for business travel.	
CCM3	Ensure vehicle charging points are available at key areas across the county	Short – Medium	First phase completed at cost of £155k (fully funded by ORCS grant). WGES report Apr 2021 estimates £333k excluding installation costs for corporate charging facilities. Plus costs to upgrade grid capacity.	Facilitates CCM2, 4, 5 & 6.	
CCM4 – 6	Transition of fleet to electric and alternative low carbon fuels	Medium - Long	Undetermined. ULEV vehicles attract an approx.. 100% premium on base price, for example HGVs attract an approx.. £200k premium on base price each to purchase.	2,475 based on emissions from bunkered fuel and fuel cards.	
CCM9	Promote and launch a managed salary sacrifice scheme for low and ultra-low emission vehicles.	Short – Medium	Potential set up costs for staff salary sacrifice scheme.	520 based on potential of staff interested in salary sacrifice scheme and using this vehicle for employee commuting.	



# Eitem ar gyfer y Rhaglen 8



## GOVERNANCE AND AUDIT COMMITTEE

<b>Date of Meeting</b>	Wednesday 10 <sup>th</sup> April 2024
<b>Report Subject</b>	Treasury Management Quarter 4 Update 2023/24
<b>Report Author</b>	Corporate Finance Manager

### EXECUTIVE SUMMARY

The Governance and Audit Committee is responsible for scrutinising the Council's treasury management activity and this report provides an update on matters relating to the Council's Treasury Management Policy, Strategy and Practices 2023/24 to the end of February 2024.

The report details the Council's position in respect of investments and long and short term borrowing at the end of February, and provides an update on the economic context and an interest rate forecast.

### RECOMMENDATIONS

1	Members review and endorse the Treasury Management 2023/24 quarterly update.
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### REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE QUARTERLY UPDATE</b>
1.01	On 23 <sup>rd</sup> February 2023, following the recommendation of the Cabinet and consideration by the Governance and Audit Committee, the Council approved the Treasury Management Strategy 2023/24.

1.02	<p>The Council has nominated the Governance and Audit Committee to be responsible for ensuring effective scrutiny of Treasury Management Strategy and Policies and the Governance and Audit Committee has previously agreed to include treasury management as a standing item on each quarterly agenda to receive an update. The Quarter 4 update is detailed in the following paragraphs.</p>
1.03	<p><u>Investments update</u></p> <p>A schedule setting out the Council's investments as at 29<sup>th</sup> February is attached as Appendix 1. The investment balance at this time was £41.2m across 11 counterparties with an average interest rate of 5.25%.</p>
1.04	<p><u>Borrowing update</u></p> <p>Appendix 2 shows the Council's long-term borrowing portfolio as at 29<sup>th</sup> February, a total of £302.3m with a weighted average interest rate of 4.49%.</p> <p>Appendix 3 shows the Council's short-term borrowing portfolio as at 29<sup>th</sup> February. The total amount of loans outstanding was £25m with an average interest rate payable of 6.04%.</p> <p>The Council has a forecast borrowing requirement over and above the additional long-term borrowing already undertaken during the year which will continue into the new financial year.</p> <p>The borrowing strategy in 2023/24 has been to monitor capital expenditure to confirm the Council's long-term borrowing need, ensuring that the Council does not commit to long-term borrowing too early and borrow unnecessarily, which will be costly. Short term borrowing will continue to be used to assist with managing the Council's borrowing requirement and is balanced against not compromising the long-term stability of the debt portfolio.</p> <p>The borrowing requirement will continue to be reviewed and monitored closely during the remainder of 2023/24 and into 2024/25 with support from Arlingclose, the Council's treasury management advisors.</p>
1.05	<p><u>Economic update from Arlingclose, the Council's treasury management advisors</u></p> <p>UK inflation and wage growth remains elevated, although on a likely downward trend over the first half of 2024. Core and services inflation is likely to remain in excess of target throughout this period, so policymakers will be cautious when it comes to easing monetary policy, despite growing downside risks. UK growth rates will remain low as increasingly restrictive monetary policy dampens activity.</p> <p>In February, the language in the Monetary Policy Committee (MPC) minutes moved to a more neutral position, despite two members continuing to vote for a further rise in Bank Rate. The focus is now on assessing how long Bank Rate needs to remain at 5.25% before</p>

	<p>reducing, with the projections in the Monetary Policy Report suggesting that market expectations for rate cuts are not far from the mark.</p> <p>UK activity data remains relatively weak, although there has been some evidence of recovery in the services sector and housing market. Consumer confidence is low but on an improving trend; household spending on goods, though, remains under pressure.</p> <p>Inflation rates will move lower over the next 12 months. By April, the headline CPI rate will likely be at or below the 2% target, but with upside risks from geo-political issues.</p> <p>With policymaker fears around the persistence of underlying inflationary pressure, Arlingclose believe Bank Rate will remain unchanged until August and initially reduce slowly.</p>
1.06	<p><u>Interest rate forecast</u></p> <p>The MPC held Bank Rate at 5.25% in February. The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. We see rate cuts from Q3 2024 to a low of around 3% by late 2025.</p> <p>Arlingclose's central case is for yields to be volatile around a relatively narrow range, reflecting the likelihood for monetary loosening in the Eurozone, UK and US.</p>

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

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	Arlingclose Ltd, being the Council's treasury management advisors.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	Risk Management directly addressed within the appendices including identification of risks and measures to mitigate likelihood and impact of risks identified.

<b>5.00</b>	<b>APPENDICES</b>
5.01	<ol style="list-style-type: none"> <li>1. Investment Portfolio as at 29 February 2024</li> <li>2. Long-term Borrowing Portfolio as at 29 February 2024</li> <li>3. Short-term Borrowing Portfolio as at 29 February 2024</li> </ol>

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

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Authorised Limit:</b> A statutory limit that sets the maximum level of external debt for the Council.</p> <p><b>Balances and Reserves:</b> 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><b>Bank Rate:</b> 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><b>Basis Point:</b> 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><b>Bond:</b> 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><b>Capital Expenditure:</b> Expenditure on the acquisition, creation or enhancement of capital assets.</p> <p><b>Capital Financing Requirement (CFR):</b> 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><b>Certificates of Deposits (CD’s):</b> 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><b>Consumer Price Index (CPI):</b> The UK’s main measure of inflation (along with Retail Price Index or ‘RPI’) The Monetary Policy Committee of the Bank</p>

of England set the Bank Rate in order to try and keep CPI at or close to the target set by the Government. The calculation of CPI includes many items of normal household expenditure but excludes some items such as mortgage interest payments and Council Tax.

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

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

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

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

**Debt Management Office (DMO):** The DMO is an Executive Agency of 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.

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

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

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

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

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

**Operational Boundary:** This linked directly to the Council's estimates of the CFR and estimates of other day to day cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<p><b>Treasury Management Practices (TMP):</b> 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.</p> <p><b>Unsupported Borrowing:</b> Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing.</p> <p><b>Yield:</b> The measure of the return on an investment instrument.</p>
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**FLINTSHIRE COUNTY COUNCIL - INVESTMENT PORTFOLIO**

At 29th February 2024

APPENDIX 1

Counterparty Name	Amount Invested £m	Start Date	Maturity Date	Interest Rate	Investment Interest £	Type of Investment	Period to Maturity
DEBT MANAGEMENT OFFICE <b>DEBT MANAGEMENT OFFICE</b>	5.0 <b>5.0</b>	06/12/23	06/06/24	5.21%	130,607	UK GVT	3 months +
ABERDEEN LIQUIDITY FUND <b>ABERDEEN LIQUIDITY FUND</b>	4.0 <b>4.0</b>	01/04/23	31/03/24	5.29%	211,600	MMF	1 month or less
AVIVA INVESTORS <b>AVIVA INVESTORS</b>	4.0 <b>4.0</b>	01/04/23	31/03/24	5.29%	211,600	MMF	1 month or less
BNP PARIBAS SECURITIES <b>BNP PARIBAS SECURITIES</b>	4.0 <b>4.0</b>	01/04/23	31/03/24	5.27%	210,800	MMF	1 month or less
CCLA PUBLIC SECTOR DEPOSIT <b>CCLA PUBLIC SECTOR DEPOSIT</b>	4.0 <b>4.0</b>	01/04/23	31/03/24	5.27%	210,800	MMF	1 month or less
FEDERATED INVESTORS (UK) <b>FEDERATED INVESTORS (UK)</b>	4.0 <b>4.0</b>	01/04/23	31/03/24	5.31%	212,400	MMF	1 month or less
HSBC STERLING ESG FUND <b>HSBC STERLING ESG FUND</b>	4.0 <b>4.0</b>	01/04/23	31/03/24	5.18%	207,200	MMF	1 month or less
INSIGHT LIQUIDITY FUND <b>INSIGHT LIQUIDITY FUND</b>	3.2 <b>3.2</b>	01/04/23	31/03/24	5.25%	168,000	MMF	1 month or less
INVESCO AIM STIC <b>INVESCO AIM STIC</b>	4.0 <b>4.0</b>	01/04/23	31/03/24	5.27%	210,800	MMF	1 month or less
SSGA LIQUIDITY FUND <b>SSGA LIQUIDITY FUND</b>	2.0 <b>2.0</b>	01/04/23	31/03/24	5.22%	104,400	MMF	1 month or less
LLOYDS BANK <b>LLOYDS BANK</b>	3.0 <b>3.0</b>	01/04/23	31/03/24	5.14%	154,200	UK BANK	1 month or less
<b>TOTALS</b>	<b>41.2</b>			<b>5.25%</b>	<b>2,032,407</b>		
<b>PREVIOUS REPORTS TOTALS (31st December 2023)</b>	<b>20.0</b>			<b>5.25%</b>	<b>790,577</b>		
<b>PREVIOUS YEARS REPORTS TOTALS (28th February 2023)</b>	<b>28.3</b>			<b>3.70%</b>	<b>895,105</b>		

Tudalen 249

**FLINTSHIRE COUNTY COUNCIL - INVESTMENTS SUMMARISED BY TYPE & MATURITY**

**At 29th February 2024**

**APPENDIX 1**

Tudalen 250

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	12%			5.0	
UK Bank	3.0	7%	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)	33.2	81%	33.2			
<b>Total (£)</b>	<b>41.2</b>		<b>36.2</b>	<b>0.0</b>	<b>5.0</b>	<b>0.0</b>
<b>Total (%)</b>		<b>100%</b>	<b>88%</b>	<b>0%</b>	<b>12%</b>	<b>0%</b>

FLINTSHIRE COUNTY COUNCIL - LONG TERM BORROWING ANALYSIS

29th February 2024

APPENDIX 2

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
<b>Total</b>	<b>223,057,820</b>	<b>5.05</b>	<b>11,268,244</b>	

PWLB Fixed Rate Annuity Loans				
06/12/18	7,078,702	2.79	197,496	06/01/63
07/01/20	552,195	3.06	16,897	07/01/60
30/03/20	279,178	2.65	7,398	30/03/60
30/03/20	1,015,392	2.65	26,908	30/03/60
02/11/20	1,334,615	2.53	33,766	02/11/57
09/02/21	2,402,381	1.79	43,003	09/02/58
30/04/21	558,548	2.15	12,009	30/04/61
<b>Total</b>	<b>13,221,012</b>	<b>2.55</b>	<b>337,476</b>	

PWLB Fixed Rate Equal Instalment of Principal Loans				
16/12/20	4,318,182	1.16	50,091	16/12/42
01/04/19	7,000,000	1.65	115,500	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	5,000,000	4.41	220,500	12/12/35
28/12/23	7,000,000	3.98	278,600	28/12/36
<b>Total</b>	<b>42,756,313</b>	<b>2.59</b>	<b>1,109,512</b>	

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
<b>Total</b>	<b>18,950,000</b>	<b>4.53</b>	<b>858,095</b>	

Other Government Loans				
23/03/18	1,564,564	0.00	0.00	01/10/28
27/03/19	813,431	0.00	0.00	01/04/29
18/01/22	32,129	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
<b>Total</b>	<b>4,337,136</b>	<b>0</b>	<b>0</b>	

Totals				
<b>Fixed Rate</b>	<b>279,035,145</b>		<b>12,715,232</b>	
<b>LOBOs</b>	<b>18,950,000</b>		<b>858,095</b>	
<b>Other</b>	<b>4,337,136</b>		<b>0</b>	
<b>Grand Total</b>	<b>302,322,281</b>	<b>4.49</b>	<b>13,573,327</b>	

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**FLINTSHIRE COUNTY COUNCIL - SHORT TERM BORROWING**

**At 29th February 2024**

**APPENDIX 3**

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Counterparty Name	Amount Borrowed £m	Start Date	Maturity Date	Interest Rate	Interest due £	Brokerage due £	Period to Maturity
LONDON BOROUGH OF HAVERING	5.0	22/02/24	22/05/24	5.85%	72,123	1,233	1 - 3 months
<b>LONDON BOROUGH OF HAVERING</b>	<b>5.0</b>						
SWANSEA COUNCIL	5.0	29/02/24	31/07/24	6.50%	136,233	2,096	3 months +
<b>SWANSEA COUNCIL</b>	<b>5.0</b>						
WEST MIDLANDS COMBINED AUTHORITY	5.0	22/02/24	22/05/24	5.95%	73,356	1,233	1 - 3 months
<b>WEST MIDLANDS COMBINED AUTHORITY</b>	<b>5.0</b>						
WEST YORKSHIRE PENSION FUND	5.0	12/02/24	12/08/24	5.95%	148,342	2,493	3 months +
<b>WEST YORKSHIRE PENSION FUND</b>	<b>5.0</b>						
WYRE DISTRICT COUNCIL	5.0	22/02/24	22/08/24	5.95%	148,342	2,493	3 months +
<b>WYRE DISTRICT COUNCIL</b>	<b>5.0</b>						
<b>TOTAL</b>	<b>25.0</b>			<b>6.04%</b>	<b>578,397</b>	<b>9,548</b>	
<b>PREVIOUS REPORTS TOTALS (31st December 2023)</b>	<b>13.0</b>			<b>5.44%</b>	<b>175,671</b>	<b>3,241</b>	
<b>PREVIOUS YEARS REPORTS TOTALS (28th February 2023)</b>	<b>0.0</b>			<b>0.00%</b>	<b>0</b>	<b>0</b>	

**SHORT TERM BORROWING SUMMARISED BY TYPE & MATURITY**

**At 29th February 2024**

**APPENDIX 3**

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	25.0	100%	10.0	15.0		
<b>Total (£)</b>	<b>25.0</b>		<b>10.0</b>	<b>15.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total (%)</b>		<b>100%</b>	<b>40%</b>	<b>60%</b>	<b>0%</b>	<b>0%</b>

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## GOVERNANCE AND AUDIT COMMITTEE

<b>Date of Meeting</b>	Wednesday, 10 April 2024
<b>Report Subject</b>	Governance and Audit Committee Self-Assessment
<b>Report Author</b>	Internal Audit, Performance and Risk Manager
<b>Type of Report</b>	Assurance

### EXECUTIVE SUMMARY

This report shows the results of the Governance and Audit Committee self-assessment carried out in February 2024 during an online workshop. The workshop was well attended by most members of the Governance and Audit Committee and the level of contribution highlighted opportunities for further improvement.

The results of the self-assessment will also form the basis of training or development required by the Committee and feed into the preparation of the Annual Governance Statement 2023/24 and the Governance and Audit Committee Annual Report.

The results of the workshop and self-assessment are detailed in Appendix A and actions identified in Appendix B.

### RECOMMENDATIONS

1	That the Governance and Audit Committee considers the results and reaches a decision on any action required, further information needed, and identifies development or training required for individuals or collectively.
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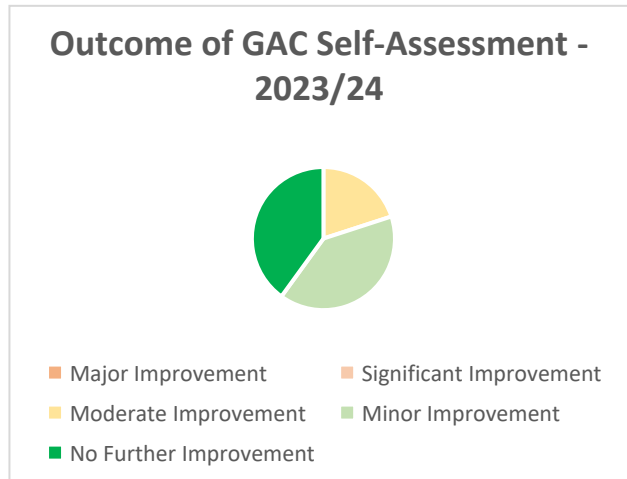
### REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE GOVERNANCE AND AUDIT COMMITTEE SELF ASSESSMENT REPORT</b>
1.01	In November 2022, The Chartered Institute of Public Finance and Accountancy (CIPFA) published its revised publication on 'Audit Committee – Practical Guidance for Local Authorities and Police', with the aim of providing CIPFA's view of best practice for Governance and Audit

	<p>Committees following the introduction of the Local Government Elections (Wales) Act 2021.</p> <p>Within the guidance there were two separate assessments:</p> <ol style="list-style-type: none"> <li>1) Self-Assessment of Good Practice; and</li> <li>2) Evaluating the Impact and Effectiveness of the Governance and Audit Committee.</li> </ol> <p>Both assessments were used during the workshops and the findings can be found in Section 1 &amp; 2 of Appendix A.</p>
1.02	<p>The Governance and Audit Committee is part of the governance framework of the Authority. It is therefore appropriate for the results of the self-assessment to be incorporated into the Annual Governance Statement for 2023/24 which reports on the overall governance arrangements within the Authority and will be published with the annual accounts.</p>
1.03	<p>Prior to the workshop questionnaires were circulated to members for completion:</p> <ol style="list-style-type: none"> <li>1) Good Practice Self-Assessment Questionnaire</li> <li>2) Evaluating the Impact and Effectiveness of the Governance and Audit Committee Questionnaire</li> </ol> <p>In total five members returned the questionnaires prior to the workshop and these were used to form the basis of the discussion.</p> <p>The topics covered during the workshops were:</p> <ul style="list-style-type: none"> <li>• Governance and Audit Committee Purpose and Governance</li> <li>• Functions of the Committee</li> <li>• Membership and Support</li> <li>• Effectiveness of the Committee</li> </ul> <p>Based on the conclusions made during the workshop in relation to the above topics the committee then assessed its Impact and Effectiveness, identifying areas where additional information could be received by the Committee to support them further.</p>
1.04	<p>The results of the workshop identified some positive improvements to assist the Committee in developing its own skills as well as identifying where additional information is sought as a committee to provide them with more assurance:</p> <ol style="list-style-type: none"> <li>1) The Good practice self-assessment identified that: <ul style="list-style-type: none"> <li>• No further improvements were required for 40 % of the questions;</li> <li>• Minor improvements were identified for 40% of the questions;</li> <li>• Moderate improvements were identified for 20% of the questions; and</li> <li>• No significant or major improvements were identified.</li> </ul> </li> </ol>



The rating between minor and moderate has been determined based on the complexity and time required to implement the action. These are recorded within Section 1 Appendix A.



- 2) Evaluation of the Impact and Effectiveness of the Governance and Audit Committee. Following the completion of Section 1, the Committee used this assessment to identify areas where additional information would be useful to the Committee to support them in discharging their function. This is detailed within Section 2 of Appendix A.
- 3) All actions identified for improvements are included within the Committees continuous development and improvement plan, Appendix B

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	None from the report itself. Resources may be required to address any actions or development needs identified.
<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	Summary results compiled from facilitation workshop attended by the Governance and Audit Committee Members.
<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	The Governance and Audit Committee is part of the governance framework for the Authority. It therefore must function effectively to fulfil its role. This process allows the committee to assess how effective it is and take action to mitigate any deficiencies.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix A – Results of Governance and Audit Committee Self-Assessment Appendix B – Continuous Development and Improvement Plan

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

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<b>Corporate Governance:</b> 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.

**Section1 – Self-Assessment of Good Practice**

**Score Criteria**

1. Major Improvement	4. Minor Improvement
2. Significant Improvement	5. No Further Action
3. Moderate Improvement	

Ref	Good Practice Questions	22.23 Score	23.24 Score	Collective Response to Questions	Action Required
<b>A.</b>	<b>Good Practice : Governance and Audit Committee purpose and Governance</b>				
<b>A1.1</b>	Does the authority have a dedicated Governance and Audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?	5	5		No action required
<b>A1.2</b>	Does the Governance and Audit Committee report directly to the full council?	5	5		No action required
<b>A1.3</b>	Has the committee maintained its advisory role by not taking on any decision-making powers?	5	5		No action required
<b>A1.4</b>	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?	5	5		No action required
<b>A1.5</b>	Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?	3	3	<ul style="list-style-type: none"> <li>Concerned only one response back. To be followed up.</li> <li>Meetings with Chairs of OSC to be in place. Individual meetings, rather than a liaison group. relationships - also applies to B1.10</li> </ul>	<ul style="list-style-type: none"> <li>Send a reminder re questionnaires as well as sending the questionnaire to Chief Officers.</li> <li>Individual meetings to be established between the Chair and Vice Chair of GAC and each OSC with the aim of improving relationships and understanding of each other's role. (Refer to 1.2 Appendix B – Detailed Action Plan)</li> </ul>
<b>A1.6</b>	Does the Governance and Audit Committee escalate issues and concerns promptly to those in governance and leadership roles?	4	4		No action required
<b>A1.7</b>	Does the full Council hold the Governance and Audit Committee to account for its performance at least	5	5		No action required

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Ref	Good Practice Questions	22.23 Score	23.24 Score	Collective Response to Questions	Action Required
	annually?				
A1.8	Does the committee publish an annual report in accordance with the 2022 guidance, including: <ul style="list-style-type: none"> <li>• Compliance with the CIPFA Position Statement 2022</li> </ul>	5	4		No action required
	<ul style="list-style-type: none"> <li>• Results of the annual evaluation, development work undertaken and planned improvements</li> </ul>	5	4		No action required
	<ul style="list-style-type: none"> <li>• How it has fulfilled its terms of reference and the key issues escalated in the year</li> </ul>	5	3	GAC Annual Report could be enhanced to highlighted some of the concerns of the Committee.	Enhance the format of the GAC annual report to bring out the areas of challenge / improvements made by the Committee. (Refer to 5.1 – Appendix B – Detailed Action Plan)
<b>B.</b>	<b>Good Practice : Functions of the Committee</b>				
B1.9	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?				Overall, no action required
	<ul style="list-style-type: none"> <li>• Governance arrangements</li> </ul>	5	4		
	<ul style="list-style-type: none"> <li>• Risk management arrangements</li> </ul>	5	4		
	<ul style="list-style-type: none"> <li>• Internal control arrangements including:                             <ul style="list-style-type: none"> <li>○ Financial Management</li> <li>○ Value for Money</li> <li>○ Ethics and Standards</li> <li>○ Counter Fraud and Corruption</li> </ul> </li> </ul>	4	4		
	<ul style="list-style-type: none"> <li>• Annual Governance Statement</li> </ul>	5	5		
	<ul style="list-style-type: none"> <li>• Financial reporting</li> </ul>	5	5		
	<ul style="list-style-type: none"> <li>• Assurance framework</li> </ul>	5	4		
	<ul style="list-style-type: none"> <li>• Internal Audit</li> </ul>	5	5		
	<ul style="list-style-type: none"> <li>• External Audit</li> </ul>	5	5		
B1.10	Over the last year, has adequate consideration been given to all core areas ?	3	3	<ul style="list-style-type: none"> <li>• Need to ensure that the Council gets VFM from the arrangements are put in place.</li> </ul>	<ul style="list-style-type: none"> <li>• As part of the Corporate Self-Assessment workshop for members consider how VFM is being achieved. (Refer to 2.3 – Appendix B – Detailed Action Plan)</li> </ul>

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Ref	Good Practice Questions	22.23 Score	23.24 Score	Collective Response to Questions	Action Required
				<ul style="list-style-type: none"> <li>• Need to make sure OSC are considering VFM. This could be picked up through the Corporate Self-Assessment workshop. Also see A1.5.</li> <li>• Need to have a more proactive approach. This could be achieved through reviewing the FWP.</li> <li>• Minutes of meeting could further reflect the discussion of the committee and also provide their own recommendations and reword them.</li> <li>• Committee to meet before each Committee meeting to tease out the key element / assurance they would like and what they want from the report.</li> <li>• During the pre-briefing for the Chair and Vice Chair, to consider what are the likely issues.</li> <li>• Look at how areas of red / amber red reports can be reported differently to highlight the risks more.</li> </ul>	<ul style="list-style-type: none"> <li>• Committee to meet prior to each meeting to discuss key issues. . (Refer to 3.2 – Appendix B – Detailed Action Plan)</li> <li>• Highlight key points during the pre-briefing with the Chair / Vice Chair. (Refer to 3.3 - Appendix B – Detailed Action Plan)</li> <li>• Discuss with Committee how they with Red / Amber Red reports to be presented. (Refer to 3.3 – Appendix B – Detailed Action Plan)</li> </ul>
B1.11	Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?	4	4	<p>Committee felt that they were achieving their Terms of Reference.</p> <p>An example of this being the report on Complaints, looking at what have we learned and system development.</p>	No action required
B1.12	Has the committee met privately with the external auditors and head of internal audit in the last year?	5	4		No action required
<b>C.</b>	<b>Good Practice : Membership and Support</b>				
C1.13	<p>Has the committee been established in accordance with the 2022 guidance as follows?</p> <ul style="list-style-type: none"> <li>• Separation from executive</li> <li>• A size that is not unwieldy and voids use of</li> </ul>	5	5		No action required

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Ref	Good Practice Questions	22.23 Score	23.24 Score	Collective Response to Questions	Action Required
	substitutes <ul style="list-style-type: none"> <li>Inclusion of lay / co-opted independent members in accordance with legislation or CIPFA's recommendation</li> </ul>				
C1.14	Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?	3	3	Chair not part of the selection process for members of the committee apart from the lay members.	<ul style="list-style-type: none"> <li>Ask Group Leaders to nominate members with the relevant skills. (Refer to 4.3 – Appendix B – Detailed Action Plan)</li> <li>Identify more opportunities for training / identify gaps in skills and knowledge through a skills / knowledge matrix (Refer to 4.2 – Appendix B – Detailed Action Plan)</li> </ul>
C1.15	Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?	3	3	Knowledge and Skills matrix shared with members. Softer skills - influencing to the organisation.	<ul style="list-style-type: none"> <li>Members to return the Knowledge and Skills matrix.</li> <li>Identify other areas of training such as softer skills (influencing)</li> </ul> (Refer to 4.2 – Appendix B – Detailed Action Plan)
C.1.16	Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?	4	4		No action required
C1.17	Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?	4	4		No action required
C1.18	Is adequate secretariat and administrative support provided to the committee?	5	5		No action required
C1.19	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the Corporate Finance Officer?	5	5		No action required
<b>D.</b>	<b>Good Practice : Effectiveness of the Committee</b>				
D1.20	Has the committee obtained positive feedback on its performance from those interacting with the	3	3	Refer to A1.5 above	Refer to A1.5 above

Ref	Good Practice Questions	22.23 Score	23.24 Score	Collective Response to Questions	Action Required
	committee or relying on its work?				
D1.21	Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?	4	5		No action required
D1.22	Are meetings effective with a good level of discussion and engagement from all the members?	4	4		No action required
D1.23	Has the committee maintained a non-political approach to discussions throughout?	5	4		No action required
D1.24	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	4	4		No action required
D1.25	Does the committee make recommendations for the improvement of governance, risk and control arrangements?	4	4		No action required
D1.26	Do audit committee recommendations have traction with those in leadership roles?	4	3	Not just about traction but about how Committee follow through. A system needs to be in place to do this. Pursue whether things have been actioned.	Implementation of the actions above, in particular establishing contact with OSC Chairs / Vice Chairs and having the ability to raise queries. (Refer to 1.1 – Appendix B – Detailed Action Plan)
D1.27	Has the committee evaluated whether and how it is adding value to the organisation?	3	3	Its about recognising what the Committee can do. This links with all other actions.	Implementation of the actions above.
D1.28	Does the committee have an action plan to improve any areas of weakness?	4	4		No action required
D1.29	Has this assessment been undertaken collaboratively with the audit committee members?	4	5		No action required

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**Section 2 – Evaluating the Impact and Effectiveness of the Governance and Audit Committee**

Ref	Areas where the Governance and Audit Committee can have impact by supporting improvement	Collective Response to Questions	Action Required	
1.	Promoting the principles of good governance and their application to decision making.	Partnerships and collaborations have not considered by the Committee. Need to ensuring robust arrangements in place.	Liaise with service areas to establish the process I place for reporting in relation to Partnerships and collaborations.	
Tudalen 264	2.	Governance and Audit Committee self-evaluation questionnaires to be sent to the Chief Executive, Chief Officers, and S151 Officer on their effectiveness of the committee.  Full facts of information needed to obtain assurance.	Send self-assessment questionnaires out to the Chief Executive, Chief Officers, and S151 Officer.	
	3.	Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.  <ul style="list-style-type: none"> <li>• Risk Management training is available to all members.</li> <li>• CIPFA webcast - look for this.</li> <li>• Make e learning module available to members of the committee</li> </ul>	Members to ensure they access all training relevant to their position.	
	4.	Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	Corporate Self-Assessment feedback on progress and recognition of the committee's involvement.	No further action required
	5.	Supporting effective external audit, with a focus on high quality and timely audit work	Highlighting concern of slippage	Highlight concern over AW slippage
	6.	Supporting the quality of the internal audit activity, in particular underpinning its organisational independence.	Think we have attended to this well, seeking assurances re resource adequacy, succession, and staff development arrangements	No further action required
	7.	Aiding the achievement of the authority's goals and objectives by helping to ensure appropriate governance, risk, control and assurance arrangements.	Focus on the areas that have gone wrong and use as a template for the year.	Focus on the areas that have gone wrong and use as a template for the year.
	8.	Supporting the development of robust arrangements for ensuring value for money.	Think links in with Section 1	Refer to section 1.
	9.	Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.	Approve the strategy. Don't get anything that is happening real time. Need regular feedback.	To establish alternative reporting arrangements



10.	Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability.	Helpful to focus on the effectiveness of improvement and the areas of concerns.	Refer to section 1 and the improvements to the Governance and Audit Committee's annual report.
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Tudalen 267

Topic	Action	Rational	Responsible	Timescale	Progress RAG	Current Status
1. Self-assessment / Influencing	1.1 Finish gaining feedback from key partners on what they want from GAC and how it could be more useful/effective. Use information to shape the way GAC operates i) Leader and Cabinet li) Chief Executive lii) Chief Officer, Governance and COT Iv) Internal Audit, Performance & Risk Manager V) Audit Wales	To improve GAC self-assessment and engagement with Flintshire's Leaders	Chair and Vice Chair	May-July 2023	Amber	Quarterly meetings with the Council Leader established.  Questionnaires sent to Chairs of OSC.  Further individual meetings to be established with Chairs / Vice Chairs of OSC and key officers.
	1.2 Seek feedback from Chairs of Scrutiny on co-working arrangements to ensure good communications and complementary approaches to improvement. Establish ongoing comms system between GAC Chair and Chairs of Scrutiny	To improve mutual understanding and effective flow of information, especially where services may be giving cause for concern	Chair and Vice Chair	Following Annual General Meeting of the Council	Red	Individual meetings to be established between the Chair and Vice Chair of GAC and each OSC with the aim of improving relationships and understanding of each other's role.
2. Coverage of ToR and Assurance	2.1 Programme additional reports to GAC to ensure ToR are covered, specifically including: - approaches to ensuring VfM - major projects and their governance	Perceived gaps at the moment	Internal Audit, Performance & Risk Manager	Programme in consultation with Chair and Vice Chair	Amber	Work programme reviewed on a regular basis.  To consult with other service over major projects etc to ensure there is no duplication.
	2.2 Continue to invite Responsible Officers to GAC where there are red IA reports or concerns re progress and invite Senior Risk Owners to GAC to update on the management of key risks.	Important to develop mature relationships with wide range of senior and middle managers given they are operationally responsible for implementation of improvement and risk management actions	Internal Audit, Performance & Risk Manager	Programme within FWP	Green	Officers are invited to GAC to update of red reports with concerns re progress
	2.3 As part of the Corporate Self-Assessment workshop for members consider how VfM is	To ensure that the Council gets VfM from the arrangements are put in	GAC members supported by Internal Audit, Performance &	As part of the CSA process	New Action	

Tudalen 268

Topic	Action	Rational	Responsible	Timescale	Progress RAG	Current Status
	being achieved	place	Risk Manager			
3. Effectiveness and impact	3.1 All GAC members to focus on identifying constructive and practical means of adding value and achieving improvement in matters considered	Core to GAC's role in gaining assurance and contributing to FCC improvement	All GAC members, plus Chair to prompt	Each meeting	Green	Ongoing
	3.2 Committee to meet prior to each meeting to discuss key issues.	Committee to tease out the key element / assurance they would like	All GAC members, plus Chair to prompt	Each meeting	New Action	
	3.3 Highlight key points during the pre-briefing with the Chair / Vice Chair  Discuss with Committee how they with Red / Amber Red reports to be presented.	Committee to tease out the key element / assurance they would like	All GAC members, plus Chair to prompt	Each meeting	New Action	
4. Learning and development	4.1 Continue pre GAC training sessions to ensure members are briefed ahead of major reports coming to GAC	Useful to have informal means of developing knowledge and skills in advance of agenda items-especially though not only for new members	Internal Audit, Performance & Risk Manager	Before each GAC meeting	Green	Ongoing
	4.2 In advance of next GAC self-assessment, evaluate knowledge, skills and training needs of GAC members, using the K and S framework from CIPFA guidance. Use this to frame updated Learning and Development Plan	Understanding of what GAC members have to offer, individually and collectively, should improve ability to question, challenge, support and escalate issues	Chair/Vice Chair supported by Internal Audit, Performance & Risk Manager	June - September 2023	Amber	Knowledge and skills matrix shared with members.  Matrix to be returned and collated to identify any training needs.
	4.3 Ask Group Leaders to nominate members with the relevant skills.	Committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled	Chair support by Chief Officer, Governance	Prior to appointment of committee members	New Action	
5. Annual report/ Accountability	5.1 Collate information on issues of concern to GAC and/or escalated to those in leadership/governance roles to ensure actions are followed	Not always easy to show GAC's impact as influence not always captured in written record. However, essential to gather issues	Chair/Vice Chair	After each meeting or at least quarterly	Red	Process to be established in readiness for the next annual report.

Topic	Action	Rational	Responsible	Timescale	Progress RAG	Current Status
	through and feed into Annual Report	pursued so as to demonstrate pro activity as part of GAC's accountability to Council				
	5.2 Linked to submission of Annual Report, Chair and Vice Chair of GAC to request meeting with Leader at least annually to ensure mutual briefing	Important to account to FCC's leader for GAC's work and to have the Leader's feedback to shape future arrangements	Chair	November 2023	Green	Quarterly meetings now take place with the Council Leader.

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# Eitem ar gyfer y Rhaglen 10



## GOVERNANCE & AUDIT COMMITTEE

<b>Date of Meeting</b>	Monday, 10 <sup>th</sup> April 2024
<b>Report Subject</b>	Public Sector Internal Audit Standards
<b>Report Author</b>	Internal Audit, Performance and Risk Manager
<b>Type of Report</b>	Assurance

### EXECUTIVE SUMMARY

Internal Audit must conform to the Public Sector Internal Audit Standards (PSIAS). There must be an assessment every year which must be reported to Governance & Audit Committee. These assessments are normally carried out internally as self-assessments, but there must be an external assessment every five years.

An Internal assessment has been carried out every year since the standards were introduced. The external assessment was last undertaken in September 2022. In order to minimise costs, the Chief Auditors within the Wales Chief Auditors Group, for 18 Councils in Wales, have agreed to undertake a peer review, each one reviewing the other Council. The Chief Internal Auditor from Pembrokeshire performed the external assessment for Flintshire in September 2022.

This report shows the results of the current internal self-assessment and further actions being undertaken on an ongoing basis to maintain compliance with the components of the standards and improve the operation of the service. This is reflected in Appendices A and B. There were no actions from the last external assessment to follow up on.

### RECOMMENDATIONS

1	The committee is requested to note the report.
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### REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS</b>
1.01	In December 2012 the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA) published new Public Sector Internal Audit Standards (PSIAS) for internal audit across the public sector. The Standards apply to Central

	Government departments including Scotland, Wales and Northern Ireland, Local Authorities across the UK, the NHS, Police and Fire Authorities, and National Parks. These Standards replaced the CIPFA Code of Practice for Internal Audit in Local Government published in 2006. The standards are based on the CIIA standards and came into force on 1 <sup>st</sup> April 2013 and were last updated 2019. The standards and the Local Government application note set out the basis for an adequate and effective internal audit function.
1.02	PSIAS includes the Mission of Internal Audit, Definition of Internal Auditing, Core Principles of the Professional Practice for Internal Auditing, Code of Ethics, four Attribute Standards and seven Performance Standards, leading to the overall level of conformance. Internal Audit departments should achieve General Conformance (definition given in Appendix A) overall with the PSIAS.
1.03	There is a requirement within the PSIAS for a Quality Assurance and Improvement Programme (QAIP). The requirement is for the Internal Audit Manager to develop and maintain a QAIP to enable the audit activity to be assessed against the PSIAS. The QAIP is documented in Appendix B. External assessments should be carried out at least once every five years, with internal assessments carried out on an annual basis. Flintshire's external assessment was last undertaken in September 2022. There are no actions from the last external assessment or the current self-assessment.
1.04	Internal assessments must include: <ul style="list-style-type: none"> <li>• Ongoing monitoring of the performance of the internal audit activity; and</li> <li>• Periodic self-assessment, or assessment by other persons within the organisation with sufficient knowledge of internal audit practices.</li> </ul>
1.05	Internal Audit departments must report their level of conformance with the PSIAS to the Governance & Audit Committee. It should then be reported in the Internal Audit Annual Report.
1.06	Based on the outcome of both the internal self-assessment for 2023/24 and the external assessment in 2022/23, overall Flintshire Internal Audit Service generally conforms to the PSIAS. The external assessor stated that 'there are 305 best practice lines within the PSIAS. The Internal Audit, Performance and Risk Manager undertook a self-assessment review of conformance against the PSIAS during February 2022. The self-assessment and corresponding improvement plan was presented to the Governance and Audit Committee in March 2022. Following validation of the self-assessment by Pembrokeshire County Council, the Internal Audit Service of Flintshire County Council generally conforms with all 305 (100%) of the requirements'.
1.07	Overall Flintshire Internal Audit generally conforms to the PSIAS. The last external assessment did not identify any areas on non-conformance.
1.08	Due to the size of the document listing all 305 areas of best practice, a full analysis against each has not been included within the papers this year



	but it is available to members should they request it. Instead Appendix A is a summary of the areas of best practice the Internal Audit Service complies with.
1.09	<p>In January 2025 the new Global Internal Audit Standards were released and will become effective from January 9, 2025. During the year we will work through the standards to determine if / where additional work or a change in process is required.</p> <p>This new Global Standards have not been used this year as the Internal Audit Standards Board (UK) is now considering how the Standards will be implemented, and whether additional guidance is required for the public sector. Once this has been clarified work will commence on ensuring we meet the revised standards.</p>

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	None.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	None.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	Internal Audit is part of the governance framework for the Council. It is important that it meets the required operational standards to give assurance to the Council that it is functioning properly. This paper shows the results of the assessment of the department against those standards.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix A – Summary of compliance with PSIAS Appendix B – QAIP Components and Actions

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

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<b>Public Sector Internal Audit Standard</b> A set of standards that all Internal Audit teams working in the public sector must comply with.

**Criteria for Assessing Conformance with the Public Sector Internal Audit Standards and Local Government Application Notes (LGAN)**

Glossary	
<b>GC</b>	<b>Generally Conforms with PSIAS</b> - The relevant structures, policies and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of individual Standard or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformance to a majority of the individual Standards or elements of the Code of Ethics, and at least partial conformance to the others, within the section / category. General conformance does not require complete / perfect conformance, the ideal situation, successful practice, etc.
<b>PC</b>	<b>Partially Conforms with PSIAS</b> - The activity is making good-faith efforts to comply with the requirements of the individual Standard or element of the Code of Ethics, section or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the Standards or Code of Ethics and / or achieving their objectives.
<b>DNC</b>	<b>Does Not Conform with PSIAS</b> - The activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many / all of the objectives of the individual Standard or element of the Code of Ethics, section, or major category. These deficiencies will usually have a significant negative impact on the activity's effectiveness and its potential to add value to the organisation. These may also represent significant opportunities for improvement, including actions by senior management or the board.
<b>N/A</b>	<b>Not Applicable</b> - The sections marked N/A do not apply to this assessment, i.e. there has not yet been an external assessment, the use of 'conforms with International Standards' or disclosure of non-conformance can only be used after this assessment, there are no external providers of audit services.
<b>CAE</b>	<b>Chief Audit Executive</b> - A generic title used to describe the person responsible for managing the internal audit activity. In Flintshire, it is the Internal Audit Manager

# Flintshire Internal Audit

As there has been no change to the previous Self-Assessment and External Assessment performed in September 2022, where Flintshire conformed to all 305 areas of best practices, a summary of conformance has been detailed below.

The full assessment against 305 areas of best practice is available.

	<b>SUMMARY OF RESULTS</b>	<b>GC</b>	<b>PC</b>	<b>DNC</b>
1	Mission of Internal Audit	✓		
2	Definition of Internal Auditing	✓		
3	Core Principles for the Professional Practice of Internal Auditing	✓		
4	Code of Ethics	✓		
5	Attribute Standards	✓		
<b>Ref</b>				
1000	Purpose, Authority and Responsibility	✓		
1010	Recognition of the Definition of Internal Auditing, the Code of Ethics, and the Standards in the Internal Audit Charter	✓		
1100	Independence and Objectivity (The sum of <i>Standards</i> 1100-1130)	✓		
1110	Organisational Independence	✓		
1111	Direct Interaction with the Board	✓		
1120	Individual Objectivity	✓		
1130	Impairments to Independence or Objectivity	✓		
1200	Proficiency and Due Professional Care (The sum of <i>Standards</i> 1210-1230)	✓		
1210	Proficiency	✓		
1220	Due Professional Care	✓		
1230	Continuing Professional Development	✓		
1300	Quality Assurance and Improvement Programme (The sum of <i>Standards</i> 1310-1320)	✓		
1310	Requirements of the Quality Assurance and Improvement Programme	✓		
1311	Internal Assessments	✓		
1312	External Assessments	✓		
1320	Reporting on the Quality Assurance and Improvement Programme	✓		
1321	Use of Conforms with the International Standards for the Professional Practice of Internal Auditing	✓		
	<b>SUMMARY OF RESULTS</b>	<b>GC</b>	<b>PC</b>	<b>DNC</b>
1322	Disclosure of Non-conformance	✓		
2000	Managing the Internal Audit Activity (Sum total of <i>Standards</i> 2010 – 2060)	✓		
2010	Planning	✓		
2020	Communication and Approval	✓		
2030	Resource Management	✓		
2040	Policies and Procedures	✓		
2050	Coordination	✓		

# Flintshire Internal Audit

	<b>SUMMARY OF RESULTS</b>	<b>GC</b>	<b>PC</b>	<b>DNC</b>
2060	Reporting to Senior Management and the Board	✓		
2070	External service Provider and Organisational Responsibility for Internal Audit	N/A	N/A	N/A
2100	Nature of Work (Sum of <i>Standards</i> 2110 – 2130)	✓		
2110	Governance	✓		
2120	Risk Management	✓		
2130	Control	✓		
2200	Engagement Planning (Sum of <i>Standards</i> 2201-2240)	✓		
2201	Planning Considerations	✓		
2210	Engagement Objectives	✓		
2220	Engagement Scope	✓		
2230	Engagement Resource Allocation	✓		
2240	Engagement Work Programme	✓		
2300	Performing the Engagement (The sum of <i>Standards</i> 2300-2340)	✓		
2310	Identifying Information	✓		
2320	Analysis and Evaluation	✓		
	<b>SUMMARY OF RESULTS</b>	<b>GC</b>	<b>PC</b>	<b>DNC</b>
2240	Engagement Work Programme	✓		
2300	Performing the Engagement (The sum of <i>Standards</i> 2300-2340)	✓		
2310	Identifying Information	✓		
2320	Analysis and Evaluation	✓		
2330	Documenting Information	✓		
2340	Engagement Supervision	✓		
2400	Communicating Results (Sum of <i>Standards</i> 2410-2440)	✓		
2410	Criteria for Communicating	✓		
2420	Quality of Communications	✓		
2421	Errors and Omissions	✓		
2430	Use of 'conducted in conformance with the International Standards for the Professional Practice of Internal Auditing'.	✓		
2431	Engagement Disclosure of Non-conformance	N/A	N/A	N/A
2440	Disseminating Results	✓		
2450	Overall Opinions	✓		
2500	Monitoring Progress	✓		
2600	Resolution of Senior Managements Acceptance of Risks	✓		
	<b>OVERALL CONCLUSION – CONFORMANCE WITH PSIAS</b>	✓		

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**Quality Assurance Improvement Programme – Components (CIIA) 2023/24 Appendix B**

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Ref	Component	2023/24 Planned Actions following Assessment	Status of Actions	2024/25 Planned Actions following Assessment
1	Develop and maintain policies and procedures.	Ongoing review of policies and procedures to ensure most effective working arrangements are in place.  Review and update the Audit Charter as required.	<b>Completed – Action to Remain Open</b>  The Audit Charter was updated to address the actions within the Quality Assurance Improvement Programme (QAIP). The updated Charter was presented and approved by Governance and Audit Committee in June 2023.	Ongoing review of policies and procedures to ensure most effective working arrangements are in place.  Review and update the Audit Charter as required and to address any changes required following the implementation of the new IIA Global Standards once the impact on the public sector is fully understood, agreed and communicated by the CIPFA and IIA (UK) specialist working group.
2	Administer and maintain the Internal Audit Manual.	Review and reissue, if amended.	<b>Completed – Action to Remain Open</b>  The manual has been updated to include Internal Audits document retention policy as an appendix. It was last reviewed in August 2023.	Review and reissue, if amended, where necessary and in conjunction with R1.
3	Ensure the financial and budgetary management of the department.	Continue to maintain financial budget through monthly monitoring via CP Software.	<b>Completed – Action to Remain Open</b>  Monthly financial budget monitoring has been undertaken.	Continue to maintain financial budget through monthly monitoring meetings with Finance.

Ref	Component	2023/24 Planned Actions following Assessment	Status of Actions	2024/25 Planned Actions following Assessment
4	Maintain the audit risk universe, gather and incorporate new information impacting the universe.	<p>Continue to maintain an up-to-date audit universe which mirrors the Council's Priorities and Strategic Risks.</p> <p>Continue to monitor the plan on a quarterly basis with Chief Officers and their Portfolio Senior Management Team and bimonthly with the Chief Executive to ensure the audit plan can respond to emerging issues.</p>	<p><b>Completed – Action to Remain Open</b></p> <p>Assurance mapping exercise has been undertaken of the Audit Universe, taking into account past audits, the Council Plan, Strategic Risk and external assurance etc.</p> <p>Quarterly meetings continue to be held with Chief Officers and their Portfolio Senior Management Team and bimonthly with the Chief Executive to ensure the audit plan remains a live document.</p>	<p>Continue to maintain an up-to-date audit universe which mirrors the Council's Priorities and Strategic Risks.</p> <p>Continue to monitor the plan on a quarterly basis with Chief Officers and their Portfolio Senior Management Team and bimonthly with the Chief Executive to ensure the audit plan can respond to emerging issues.</p>
5	Evaluate audit risk and produce the strategic plan.	Continue to produce the Strategic Plan using the risk based approach undertaken in 2023/24 – 2025/26.	<p><b>Completed – Action to Remain Open</b></p> <p>Strategic Plan produced using the Council Plan, strategic risks, operational intelligence and consultation with Chief Officers, their Senior Management Teams and Chief Executive.</p>	Continue to produce the Strategic Plan using the risk-based approach undertaken in 2024/25 – 2026/27.
6	Agree and implement an annual plan.	Strategic Plan (including annual plan) to be presented for approval by the Governance and Audit Committee on 22 March 2023.	<p><b>Completed – Action to Remain Open</b></p> <p>The Strategic Plan and Annual Plan was approved by the Governance and Audit Committee on 22 March 2023.</p>	Strategic Plan (including annual plan) to be presented for approval by Governance & Audit Committee on 10 April 2024.



Ref	Component	2023/24 Planned Actions following Assessment	Status of Actions	2024/25 Planned Actions following Assessment
7	Operate audit tools and use up to date technology.	<p>Continue to use Pentana Audit for all stages of the audit process.</p> <p>Continue to develop the teams' skills in using Computer Assisted Auditing Techniques Software (CAATS) using Active Data.</p>	<p><b>Completed – Action to Remain Open</b></p> <p>Pentana Audit used for all audit work undertaken.</p>	<p>Continue to use Pentana Audit for all stages of the audit process.</p> <p>Continue to develop the teams' skills in using Computer Assisted Auditing Techniques Software (CAATS) using Active Data to ensure data driven audits are undertaken.</p>
8	Manage recruitment to meet staffing needs.	<p>Continue to monitor the staffing needs of the team.</p>	<p><b>Completed – Action to Remain Open</b></p> <p>Staffing within the team has been continuously monitored throughout the year.</p>	<p>Continue to monitor the staffing needs of the team.</p>
9	Complete annual performance appraisals.	<p>Continue to undertake annual appraisals.</p>	<p><b>Completed – Action to Remain Open</b></p> <p>All appraisals were completed during 2023.</p>	<p>Continue to undertake annual appraisals during 2024.</p>
10	Maintain training and development of staff.	<p>Continue to maintain training and development plan following appraisals.</p> <p>Continue to support existing officers to study for the professional qualifications.</p> <p>Continue to support the team with their training needs.</p>	<p><b>Completed – Action to Remain Open</b></p> <p>Training continues to be undertaken by the services, with the CIA qualified auditors undertaking their mandatory 30 hours per annum continued professional development (CPD)</p>	<p>Continue to maintain training and development plan following appraisals.</p> <p>Continue to support the team with their training needs.</p> <p>Revisit the succession planning exercise undertaken to identify future workforce development</p>

Ref	Component	2023/24 Planned Actions following Assessment	Status of Actions	2024/25 Planned Actions following Assessment
				requirements.
11	Evaluate post-audit questionnaires.	Continue to issue questionnaires via Pentana Audit.	<b>Completed - Action to Remain Open</b> Questionnaires continue to be issued via Pentana Audit.	To undertake a review of the post post-audit questionnaires, via Pentana Audit due to the low return rate.
12	Complete quarterly progress reports to audit committee.	Continue to present progress reports to Governance and Audit Committee every quarter.	<b>Completed – Action to Remain Open</b> Progress reports presented to the Governance and Audit Committee every quarter.	Continue to present progress reports to Governance and Audit Committee every quarter.
13	Monitor the implementation of audit recommendations.	Continue to track actions due for implementation through Pentana Audit and report progress to Governance and Audit Committee as part of the quarterly update report.	<b>Completed – Action to Remain Open</b> All actions are tracked through Pentana. It is the responsibility of management to ensure actions are implemented, a monthly report continues to be issued of all outstanding actions to Chief Officers and presented to Governance and Audit Committee. Chief Officers are also be notified when a high priority action is implemented.	Continue to track actions due for implementation through Pentana Audit and report progress to Governance and Audit Committee as part of the quarterly update report.
14	Keep the audit team up to date with professional best practice.	Continue to invest in the professional development of the Internal Auditors through attendance on training	<b>Completed – Action to Remain Open</b> Training courses, seminars, etc. are monitored. Manager, Principals and Senior	Continue to invest in the professional development of the Internal Auditors through attendance on training courses,

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Ref	Component	2023/24 Planned Actions following Assessment	Status of Actions	2024/25 Planned Actions following Assessment
		<p>courses, seminars, and webinars where budget allows.</p>	<p>Auditors attend where relevant.</p> <p>During 2023/24 the following courses / seminars have been attended by staff within the Team:</p> <p>20 hours compulsory CIA training some of which includes:</p> <ul style="list-style-type: none"> <li>• LGA Audit Committees</li> <li>• NXG Transactions and Suppliers Go Live Training</li> <li>• IIA Conference – 2 Day Conference:                             <ul style="list-style-type: none"> <li>- People, communities and the environment – working together for a sustainable</li> <li>- Effective governance - Critical link between effective governance and business success</li> <li>- Artificial Intelligence in a digital world - Auditing AI</li> <li>- Culture &amp; Ethics - How can you change a business’s culture?</li> <li>- Culture &amp; Ethics - Auditing risk management culture</li> <li>- Supply chain risks - Identifying and managing your supply chain risks</li> <li>- Focusing on our people - Auditing HR</li> <li>- Sustainability in business - Maximising the opportunities of ESG</li> <li>- Focusing on our people</li> <li>- Artificial Intelligence in a digital world - The impact of AI on Cybersecurity</li> </ul> </li> </ul>	<p>seminars, and webinars where budget allows.</p> <p>Completion of the compulsory 20 hrs CIA Continued Professional Development.</p>

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Ref	Component	2023/24 Planned Actions following Assessment	Status of Actions	2024/25 Planned Actions following Assessment
			<ul style="list-style-type: none"> <li>- Auditing Culture</li> <li>- Data Analytics and audit technology - Audit Analytics Live</li> <li>- Fraud &amp; financial crime - The anatomy of a major financial crime investigation</li> <li>- Effective governance - Auditing governance – a practical guide</li> <li>- Internal audit future focus - Reimagining internal audit to be truly innovative</li> <li>- Focusing on the Future - Internal Audit Transformation Priorities for 2024</li> <li>• Think Before You Click(2)</li> <li>• Building Self Confidence &amp; Assertiveness</li> <li>• Social Media Safety and Understanding Boundaries</li> <li>• ESG Reporting</li> <li>• Digital Champions Training</li> <li>• Digital Health and Wellbeing</li> <li>• Digital Accessibility</li> <li>• Welsh Matters for Everyone</li> <li>• Disciplinary Training for Investigation Officers</li> <li>• Cyber Security - eLearning &amp; Spot the Phish (Mandatory)</li> <li>• Tackling Modern Slavery (Mandatory)</li> <li>• Equality in the workplace (Mandatory)</li> <li>• Procurement Act Knowledge Drop Sessions - (Mandatory)</li> </ul>	

Ref	Component	2023/24 Planned Actions following Assessment	Status of Actions	2024/25 Planned Actions following Assessment
			<ul style="list-style-type: none"> <li>• The Evolution of User Access Reviews and Certification</li> <li>• Risk Management Training - Back to Basics</li> <li>• Leading in Uncertain Times</li> <li>• Unconscious Bias</li> <li>• New Global Internal Audit Standards</li> <li>• Transforming Audit to Combat Financial Services' Heightened Risk Exposure</li> <li>• IOSH</li> </ul>	

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Mae'r dudalen hon yn wag yn bwrpasol

# Eitem ar gyfer y Rhaglen 11



## GOVERNANCE AND AUDIT COMMITTEE

<b>Date of Meeting</b>	Wednesday, 10th April 2024
<b>Report Subject</b>	External Regulation Assurance
<b>Report Author</b>	Chief Executive

### EXECUTIVE SUMMARY

The Council receives regular reports from our external regulators. Under its Terms of Reference, the Governance and Audit Committee ensures that effective systems are in place for setting and monitoring actions in response to these reports.

This report covers the national studies and bespoke local work of Audit Wales (AW) and the work of Care Inspectorate Wales (CIW) and Estyn in 2023/24.

This summary report gives assurance that the regulatory reports have been considered and responded to.

The summary report also provides a progress update and RAG status for any reports the Council provided a response to during the previous year.

### RECOMMENDATION

1	To be assured by our response to external regulatory reports.
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### REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE EXTERNAL REGULATORS AND INSPECTIONS SUMMARY REPORT</b>
1.01	The Local Government (Wales) Measure 2011 contains provisions for the work of Governance and Audit committees. Statutory guidance made under Section 85 of the Measure was issued in June 2012. That guidance advised that Governance and Audit Committees should receive and consider reports from external auditors, other regulators and inspectors.

1.02	<p>Since 2014 arrangements have been made for local reports issued by external auditors, regulators and inspectors to be tracked and reported to the Governance and Audit Committee once a year. This is done to assure the Committee that such reports have been considered and responded to.</p> <p>The Council's reporting protocol sets out the following arrangements:</p> <ul style="list-style-type: none"> <li>• Cabinet – makes the executive response to regulatory reports</li> <li>• Overview and Scrutiny – scrutinises the executive response</li> <li>• Governance and Audit Committee – assures the governance arrangements</li> </ul>
1.03	<p>Where reports by an external auditor, other regulator or inspector contain specific local recommendations it is important that they receive proper consideration by both officers and members and are responded to.</p> <p>The responses will, on occasion, require an action plan.</p>
1.04	<p>Since 22 January 2024, to ensure greater consistency, Audit Wales have adopted the following approach for all reports that make any recommendations to the Council:</p> <ul style="list-style-type: none"> <li>• For local-risked based and thematic reviews (where they gather evidence directly from the Council) will provide the Council with the opportunity to comment on the factual accuracy of draft outputs prior to publication. Once this process is complete and the output is finalised, Audit Wales audit teams will request a response to recommendations through the completion of an Organisational Response Form (ORF). This document should set out the Council's response to any recommendations and supports compliance with the Code of Audit Practice.</li> <li>• For national studies and local government national studies Audit Wales will provide only those audited bodies named in the report an opportunity to comment on factual accuracy of relevant extracts before publishing. Named audited bodies are generally those from whom the audit team have gathered evidence.</li> <li>• Where these types of studies make recommendations to all councils, Audit Wales will issue an ORF to all councils following publication.</li> <li>• For all audit reports that make recommendations to the Council, Audit Wales expect the Council's intended response to each recommendation will be set out using the ORF.</li> </ul>
1.05	<p>It is within the Terms of Reference of the Governance and Audit Committee to ensure that effective processes are in place for setting and monitoring proportionate and effective action plans. The Governance and Audit Committee has the responsibility for ensuring that all external regulatory report recommendations issued by external regulators are implemented where accepted.</p>



1.06	<p><b>Appendix A</b> provides an overview of the reports received from Audit Wales, Care Inspectorate for Wales and Estyn during 2023/24, and the summary findings and responses from the Council. The status of any actions is shown as follows:</p> <ul style="list-style-type: none"> <li>• Green – on track / completed</li> <li>• Amber – on track, within acceptable limits</li> <li>• Red – limited progress</li> </ul>																								
1.07	<p>During 2023/24, Flintshire County Council received eight external regulators reports, seven from Audit Wales and one from Care Inspectorate Wales (CIW). Progress against five of the reports' actions are noted within the table below and further details are provided in Section 1.08. regarding the remaining three reports.</p> <p>Example: Use of Performance Information: Service User Perspective and Outcomes, there was a total of three recommendations from Audit Wales, two of the actions in response to the recommendations are on track (amber) and one is on track / completed (green).</p> <div data-bbox="320 864 1374 1527" data-label="Figure"> <p style="text-align: center;"><b>External Regulatory Reports and Progress Against Actions - 2023/24</b></p> <table border="1"> <caption>Data for External Regulatory Reports and Progress Against Actions - 2023/24</caption> <thead> <tr> <th>Report</th> <th>On Track / Completed (Green)</th> <th>On Track, within Acceptable Limits (Yellow)</th> <th>Limited Progress (Red)</th> </tr> </thead> <tbody> <tr> <td>Homeless Services (AW)</td> <td>0</td> <td>3</td> <td>0</td> </tr> <tr> <td>Use of Performance Information: Service User Perspective and Outcomes (AW)</td> <td>1</td> <td>2</td> <td>0</td> </tr> <tr> <td>Assurance and Risk Assessment Review (AW)</td> <td>0</td> <td>1</td> <td>0</td> </tr> <tr> <td>Cracks in the Foundations - Building Safety in Wales (AW)</td> <td>0</td> <td>2</td> <td>1</td> </tr> <tr> <td>Springing Forward (AW)</td> <td>0</td> <td>2</td> <td>0</td> </tr> </tbody> </table> </div> <p>Further information to support progress is detailed within Appendix A of the report.</p>	Report	On Track / Completed (Green)	On Track, within Acceptable Limits (Yellow)	Limited Progress (Red)	Homeless Services (AW)	0	3	0	Use of Performance Information: Service User Perspective and Outcomes (AW)	1	2	0	Assurance and Risk Assessment Review (AW)	0	1	0	Cracks in the Foundations - Building Safety in Wales (AW)	0	2	1	Springing Forward (AW)	0	2	0
Report	On Track / Completed (Green)	On Track, within Acceptable Limits (Yellow)	Limited Progress (Red)																						
Homeless Services (AW)	0	3	0																						
Use of Performance Information: Service User Perspective and Outcomes (AW)	1	2	0																						
Assurance and Risk Assessment Review (AW)	0	1	0																						
Cracks in the Foundations - Building Safety in Wales (AW)	0	2	1																						
Springing Forward (AW)	0	2	0																						
1.08	<p>Due to the timing of two of the Audit Wales reports action plans have yet to be formally agreed:</p> <ul style="list-style-type: none"> <li>• Unscheduled Care: Flow Out of Hospital – North Wales Region (Draft Report received in February 2024)</li> <li>• Digital Strategy Review (Draft Report received in March 2024)</li> </ul> <p>The feedback to the draft report, Digital Strategy Review, has been provided to Audit Wales in March 2024 and a regional response (excluding the health board) has been collated for Unscheduled Care: Flow Out of Hospital report. The final reports for both audits will be published in due</p>																								

	<p>course and a response to any recommendations that arise from these reports, along with an update on progress will be provided via the formal reporting cycle.</p> <p>In regard to the CIW report:</p> <ul style="list-style-type: none"> <li>• Performance Evaluation Report (November 2023)</li> </ul> <p>An action plan is currently being prepared and is scheduled to reported at Cabinet and Social and Health Care Scrutiny in June 2024, and Governance and Audit Committee thereafter (date to be confirmed).</p>
1.09	<p>The executive response to the following national study Audit Wales reports are currently being prepared and will be scheduled on the Forward Work Programme for Cabinet, the relevant Overview and Scrutiny Committees and Governance and Audit Committee in due course for the following:</p> <ul style="list-style-type: none"> <li>• Sustainable Development – Making best use of Brownfield Land and Empty Buildings (January 2024)</li> <li>• Time for Change – Poverty in Wales (November 2022)</li> </ul>
1.10	<p>Work is currently being undertaken to assurance map across the Council to identify if any other external regulation is undertaken that provides assurance and/or recommendations for improvement. A detailed list will be shared with Governance and Audit Committee in due course to agree which (if any) should be captured within the annual report for information.</p>

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	None

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	External reports are considered by Chief Officers and senior managers to determine the actions needed. Cabinet and Overview and Scrutiny Committees perform the roles set out above.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	The work of the external regulators, and the actions in response to their reports provide assurance to the Council that adequate and effective controls are in place to mitigate risks.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix A: External Assurance Summary Report

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p><b>Contact Officer:</b> Sam Perry, Support Officer, Performance and Risk Management Team  <b>Tel:</b> 01352 701476  <b>Email:</b> <a href="mailto:Sam.perry@flintshire.gov.uk">Sam.perry@flintshire.gov.uk</a></p>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Audit Wales:</b> 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><b>Care Inspectorate Wales (CIW):</b> The powers and functions of CIW are enabled through legislation. CIW has the powers to review Local Authority social services at a local and national level, to inform the public whether services are up to standard, to promote improvement of services and to help safeguard the interests of vulnerable people who use services and their carers. They provide professional advice to Welsh Ministers and policy makers.</p> <p><b>Estyn:</b> Estyn is the education and training inspectorate for Wales. Estyn is responsible for inspecting primary and secondary schools and nursery schools maintained by, or receiving funding from, local authorities.</p>

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## Section 1. Summary of External Regulations and Inspections – 2023/24

## Audit Wales

Report Title /Date	Recommendations / observations	Reporting Information		Response & RAG (If applicable)
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Tudalen 293</p> <p>Springing Forward April 2023</p>	<p><b>Report Link:</b> <a href="http://www.audit.wales/sites/default/files/publications/flintshire_council_springing_forward_english.pdf">www.audit.wales/sites/default/files/publications/flintshire_council_springing_forward_english.pdf</a></p> <p><b>Recommendation/Proposals for improvement:</b></p> <p><b>Vision, strategies, delivery plans and the sustainable development principle</b>  <b>R1</b> The Council needs to put the sustainable development principle at the heart of its future considerations, building on the experience of the pandemic, to develop a new long-term approach to its assets and workforce, which is integrated with other key plans and supported by costed delivery plans.</p> <p><b>Data and benchmarking</b>  <b>R2</b> The Council needs to further develop the use of data and benchmarking to inform planning, budget setting and measure the longer-term success of its asset and workforce initiatives.</p>	<p>Cabinet: O&amp;SC: G&amp;AC:</p>	<p>June 24 June 24 June 24</p>	<p><b>RAG – AMBER</b></p> <p><b>In terms of Assets, the Council will:</b></p> <p>Work with the Ystadau Cymru’s North Wales regional Asset Management group (of which we have a Council representative) to establish whether regional Asset benchmarks can be agreed and adopted.</p> <p>Assist in the progression of the Office Accommodation Strategy.</p> <p>Provide an Annual Asset Management Monitoring Report.</p> <p><b>In terms of Workforce:</b></p> <p>The Council’s People Strategy has been refreshed and once approved by cabinet will be published.</p> <p>The refreshed people strategy has a number of performance measures, including but not limited to time to hire (working days from conditional offer to cleared to start) excluding 3rd party activity (DBS, reference checks), percentage of permanent employees who have left within the first year of employment, turnover % (excluding redundancy).</p> <p>The Council reports on two Public Accountability Measures (PAMs) (Absence and Apprenticeships) which enables it to compare its performance with the other 21 Welsh Local Authorities.</p>

Report Title /Date	Recommendations / observations	Reporting Information		Response & RAG (If applicable)
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Tudalen 294</p> <p>Cracks in the Foundations - Building Safety in Wales August 2023</p>	<p><b>Report Link:</b> <a href="https://www.audit.wales/sites/default/files/publications/Cracks%20in%20the%20Foundations%20Building%20Safety%20in%20Wales%20English.pdf">https://www.audit.wales/sites/default/files/publications/Cracks in the Foundations Building Safety in Wales English.pdf</a></p> <p><b>Recommendation/Proposals for improvement:</b></p> <p><b>R1 / R2 / R3 and R4 are targeted to Welsh Government</b></p> <p><b>R5</b> Local authorities should develop local action plans that articulate a clear vision for building control to be able to plan effectively to implement the requirements of the Act. The Plans should:</p> <ul style="list-style-type: none"> <li>• be based on an assessment of local risks and include mitigation actions;</li> <li>• set out how building control services will be resourced to deliver all their statutory responsibilities;</li> <li>• illustrate the key role of building control in ensuring safe buildings and be linked to well-being objectives and other corporate objectives; and</li> <li>• include outcome measures that are focused on all building control services, not just dangerous structures.</li> </ul> <p><b>R6</b> Local authorities should urgently review their financial management of building control and ensure they are fully complying with Regulations. This should include:</p> <ul style="list-style-type: none"> <li>• establishing a timetable of regular fee reviews to ensure charges reflect the cost of services and comply with the Regulations;</li> <li>• annually reporting and publishing financial performance in line with the Regulations;</li> <li>• ensuring relevant staff are provided with training to ensure they apply the Regulations and interpret financial reporting correctly; and,</li> <li>• revise fees to ensure services are charged for in accordance with the Regulations.</li> </ul>	<p>COT Cabinet: O&amp;SC: G&amp;AC:</p>	<p>8 May 24 18 June 24 11 June 24 26 June 24</p>	<div style="background-color: red; color: white; padding: 5px;"> <p><b>R5</b> – We don't currently have a Local Action Plan that articulates a clear vision for how BC plan to effectively implement the requirements of the Act. This needs to be developed and put in place. This would include amongst other things the 4 bulleted points in R5.</p> </div> <div style="background-color: yellow; padding: 5px;"> <p><b>R6</b> - Fees for Building Regulations are set locally by Flintshire County Council. Fees were last comprehensively reviewed in 2018. A review of Fees will take place in 2024 and will include a comparison with other local Councils, particularly neighbouring Councils in North Wales.</p> <p>Building Control is a competitive service. Customers can use other means to secure their Building Regulations outside of the Council (e.g., use independent Approved Inspectors) so a review and any subsequent review of Fees will need to ensure we remain competitive and do not out price the Council's services out of the market.</p> </div> <div style="background-color: yellow; padding: 5px;"> <p><b>R7</b> – This will require discussion at regional level to explore the potential for collaboration and establishing a regional model.</p> <p>Local Authority Building Control (LABC) Partnership Authority Scheme is already in place which is share by all LA building control teams in England and Wales and this allows customers to work with any LA building control team to undertake all pre-app and design vetting work, regardless of the project's geographical location. We already provide this service for Iceland Foods. We vet their plans for new stores and re-fits regardless of where they are located geographically.</p> </div>

Report Title /Date	Recommendations / observations	Reporting Information		Response & RAG (If applicable)
	<p><b>R7</b> Local authorities should work with partners to make better use of limited resources by exploring the potential for collaboration and regionalisation to strengthen resilience through a cost benefit analysis of partnering with neighbouring authorities, establishing joint ventures and/or adopting a regional model where beneficial.</p> <p><b>R8</b> Local authorities should review risk management processes to ensure that risks are systematically identified, recorded, assessed, mitigated and subject to regular evaluation and scrutiny.</p>			<p><b>R8</b> – A review of risk management processes needs to be undertaken. There are a number of risks already identified including the functionality of the back-office system and a lack of agile working functions (for surveyors on site) &amp; the new requirements for registering as Registered Building Inspectors from 6 April 2024. The Building Control Team/function could be an area supported by an internal Audit Review.</p>
<p>Assurance and Risk Assessment Review October 2023</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Tudalen 295</p>	<p><b>Recommendation/Proposals for Improvement</b></p> <p><b>R1</b> In order to meet its net zero ambition, the Council needs to fully cost its action plan and ensure that it is aligned with its Medium-Term Financial Strategy. If the Council does not develop more detailed business plans which will estimate the investment required, it is unlikely to be able to achieve its goal of becoming net zero carbon by 2030.</p>	<p>Cabinet: O&amp;SC: G&amp;AC:</p>	<p>March 24 March 24 April 24</p>	<p><b>RAG – AMBER</b></p> <p>Every public sector body is experiencing the same difficulty with costing climate actions. This is due to a number of factors: the volatile financial climate, the changing energy prices, lack of ability or understanding to apply financials to non-quantitative factors (such as behaviour change), and an ever evolving and developing industry where we do not currently have all of the answers to mitigate our climate impacts.</p>
<p>Use of Performance Information: Service User Perspective and Outcomes December 2023</p>	<p><b>Report Link:</b> <a href="https://www.audit.wales/sites/default/files/publications/flintshire_council_service_user_perspective_outcomes_english.pdf">https://www.audit.wales/sites/default/files/publications/flintshire_council_service_user_perspective_outcomes_english.pdf</a></p> <p><b>Recommendation/Proposals for improvement:</b></p> <p><b>R1 Information on the perspective of the service user</b> The Council should strengthen the information it provides to its senior leaders to enable them to understand how well services and policies are meeting the needs of service users.</p> <p><b>R2 Outcomes information</b> The Council should strengthen the information provided to senior leaders to help them evaluate whether the Council is delivering its objectives and the intended outcomes.</p>	<p>Cabinet: O&amp;SC: G&amp;AC:</p>	<p>18 June 24 13 June 24 26 June 24</p>	<p><b>R1</b> - Service level user information is reported at the discretion of services to relevant influencing managers or portfolio leaders as appropriate. However, as part of the Council’s Corporate Self-assessment 2022/23, the Council identified consultation and engagement as an opportunity for improvement and an action plan was devised to address and improve consultation and engagement across the Council. This includes developing a Consultation and Engagement Strategy, and as part of the development of this strategy a key focus will be to consider the needs of the service users and how we gather and use this information.</p>

Report Title /Date	Recommendations / observations	Reporting Information		Response & RAG (If applicable)
<p>Tudalen 296</p>	<p><b>R3 Arrangements to check the quality and accuracy of data</b>                      The Council needs to assure itself that it has robust arrangements to check the quality and accuracy of the data it provides to senior leaders relating to service user perspective and outcomes.</p>			<p><b>R2</b> - To strengthen how the Council is delivering its outcomes and intended outcomes of service user perspectives, the annual review of the actions and measures detailed with the Council Plan 2023-28 will ensure, where applicable, information is captured and recorded on this specific subject matter, with outcomes that seek to deliver, short, medium and long-term benefit to our citizens and communities. This will be achieved by engaging with Portfolios directly to finalise the content review for 2024-25 of the Council Plan 2023-28</p> <p>Additionally quarterly Council Plan 2023-28 performance reports are presented to senior leaders which would include this information.</p> <p><b>R3</b> - It is the responsibility of service area to review the accuracy of their data and the information it provides to senior leaders. Arrangements to check the quality and accuracy of data beyond existing arrangements would require additional capacity that the present financial environment would not allow.</p> <p>However, as an additional step, Performance Leads will be asked to confirm the monitoring arrangements they have in place to ensure data accuracy and that they arrangements are operating effectively. This would cover both data relating to service user perspectives and performance management outcomes for the Council Plan.</p>
<p>Sustainable development? – making best use of brownfield land and empty buildings.</p> <p>January 2024</p>	<p><b>Report Link:</b>  <a href="https://audit.wales/sites/default/files/publications/Sustainable_development_making_best_use_of_brownfield_land_and_empty_buildings_english.p">https://audit.wales/sites/default/files/publications/Sustainable_development_making_best_use_of_brownfield_land_and_empty_buildings_english.p</a></p> <p><b>Recommendation/Proposals for improvement:</b>  <b>R1</b> To enable stakeholders to assess potential sites councils should create a systematic process to find and publicise suitable sites for regeneration:</p>	<p>Cabinet:                      O&amp;SC:                      G&amp;AC:</p>	<p>TBC                      TBC                      TBC</p>	<p><b>RAG – N/A</b></p> <p>We are aware of the report, our response is in preparation and will go via the governance process in due course.</p>



Report Title /Date	Recommendations / observations	Reporting Information		Response & RAG (If applicable)
Tudalen 297	<ul style="list-style-type: none"> <li>• this should draw on data already held by councils, as well as external data sources to develop a composite and more complete picture of sites; and</li> <li>• where known, key barriers should be named to help efforts to overcome them.</li> </ul> <p><b>R2</b> To help ensure that regeneration activity and the shaping of the environment is informed by the needs of communities Councils should increase opportunities for communitybased involvement in regeneration, both in plan-making and actual development.</p> <p><b>R3</b> To provide focus and impetus to developing brownfield sites Councils should review their current regeneration approaches and where appropriate set clearer, more ambitious regeneration policies and targets. Together these should:</p> <ul style="list-style-type: none"> <li>• set out the approach and expectations of the council;</li> <li>• set out how their approach will be resourced; and</li> <li>• set out how the approach aligns with national policy goals and regional planning priorities</li> </ul>			
	Homeless Services  January 2024	<p><b>Report Link:</b> Not yet available via Audit Wales’s Website</p> <p><b>Recommendation/Proposals for improvement:</b></p> <p><b>R1</b> To ensure the service is sustainable operationally and strategically, the Council ensures that funding is available to maintain its levels of service or make decisions on service delivery based on funds available.</p> <p><b>R2</b> The Council ensures arrangements for evaluating its homelessness activities are applied to all activities so it can provide assurance of its impact on service users and efficiencies.</p>	COT: Cabinet: O&SC: G&AC:	Feb 24 March 24 March 24 April 24

Report Title /Date	Recommendations / observations	Reporting Information		Response & RAG (If applicable)
	<b>R3</b> To better understand the needs of residents, the Council should widen its engagement activity with residents to cover the development and evaluation of all services.			<ul style="list-style-type: none"> <li>Review the evaluation processes that are currently in place for Housing Support Grant services and develop this further to enhance impact assessments and cost benefit analysis and apply to all the above identified homelessness activities by end of June 2024</li> <li>Develop a rolling programme and local processes for the evaluation for all identified homelessness activities by June 2024</li> </ul> <p><b>R3</b></p> <ul style="list-style-type: none"> <li>Build on existing resident engagement activities and develop a resident engagement framework for homelessness services that includes development and evaluation of services by end of September 2024</li> </ul>

The Council has received the following draft reports from Audit Wales. Feedback is due to go to Audit Wales in March 2024. A Final Report will be published thereafter. A response to any recommendations and an update will be provided via the formal reporting cycle in due course.

- Unscheduled Care: Flow out of Hospital – North Wales Region (Draft Report received in February 2024)
- Digital Strategy Review (Draft Report received in March 2024)

## Care Inspectorate Wales (CIW)

Report Title /Date	Recommendations / observations	Reporting Information		Response and RAG
Performance Evaluation Report Flintshire County Council  November 2023	<p><b>Report Link:</b> <a href="https://www.careinspectorate.wales/sites/default/files/2024-02/240221-flintshire-PEI-en.pdf">https://www.careinspectorate.wales/sites/default/files/2024-02/240221-flintshire-PEI-en.pdf</a></p> <p><b>Recommendation/Proposals for Improvement:</b></p> <p><b><u>ADULT’S SERVICES</u></b> <b><u>People - Voice and Control - Areas for improvement</u></b></p>	Cabinet: O&SC: G&AC:	18 <sup>th</sup> June 24 6 <sup>th</sup> June 24 TBC	Overall, we consider the report to be a positive reflection of the ongoing work within our services and with our partners. The Inspectors have identified good work and practice across all services. There are a few improvement areas, and we are developing an action plan to address these.

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<p>Tudalen 299</p>	<p><b>2.7</b> - 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. <i>Reference should be made to what matters to the individual and personal outcomes should be recorded more consistently in the first person.</i></p> <p><b>2.8</b> - 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. <i>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.</i></p> <p><b>2.9</b> - There are examples of direct payment reviews being held. However, there was one example which had not received a review. <i>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.</i></p> <p><b>2.10</b> - 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><b>2.11</b> - There is insufficient evidence to demonstrate that advocacy is consistently considered and offered when it would have been appropriate. <i>This is an area that must be strengthened to demonstrate routine consideration of advocacy particularly in adult safeguarding.</i></p> <p><b><u>Well-being - Areas for Improvement</u></b></p> <p><b>4.6</b> - 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. <i>The local authority must ensure that adult</i></p>			<p>The draft action plan will be finalised by the end of March 2024</p> <p>The draft action plan has been to Chief Officer Team and the final report will go to Social and Health Care Scrutiny in June 2024</p>

Report Title /Date	Recommendations / observations	Reporting Information		Response and RAG
<p>Tudalen 300</p>	<p><i>safeguarding practice consistently meets with the requirements of the WSP.</i></p> <p><b>4.7</b> – 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. <i>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.</i></p> <p><b>4.8</b> – In common with many other local authorities across Wales, people's rights are impacted by the waiting lists for Deprivation of Liberty (DoLS) assessments. <i>The local authority must ensure that arrangements for the provision for DoLS assessments are fit for purpose and responsive.</i></p> <p><b>4.9</b> - The current recording system does not support practitioners to capture people’s strengths and outcomes in a meaningful way. <i>The local authority should take this into consideration, with the imminent procurement of an updated recording system.</i></p> <p><b><u>Prevention - Areas for Improvement</u></b></p> <p><b>6.7</b> - 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. <i>The local authority must ensure that waiting lists are appropriately and consistently monitored and key information is recorded to evidence appropriate prioritisation of cases.</i></p> <p><b>6.8</b> - Care and support plans are not always reviewed in a timely manner. <i>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.</i></p> <p><b><u>Partnership - Areas for Improvement</u></b></p>			

Report Title /Date	Recommendations / observations	Reporting Information		Response and RAG
Tudalen 301	<p><b>8.5</b> - 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. <i>The local authority should consider, whilst they are procuring a new recording system, how they can further promote information sharing.</i> 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.</p> <p><b>8.6</b> - 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. <i>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).</i></p> <p><b><u>CHILDREN'S SERVICES</u></b>  <b><u>People - Voice and Control - Areas for Improvement</u></b></p> <p><b>3.14</b> - 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, <i>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).</i></p> <p><b>3.15</b> - 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.</p>			

Report Title /Date	Recommendations / observations	Reporting Information		Response and RAG
<p>Tudalen 302</p>	<p>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. <i>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.</i></p> <p><b><u>Well-being - Areas for Improvement</u></b></p> <p><b>5.6</b> - 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. <i>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.</i></p> <p><b>5.7</b> - 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. <i>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.</i></p> <p><b>5.8</b> - 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. <i>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.</i></p>			

Report Title /Date	Recommendations / observations	Reporting Information		Response and RAG
Tudalen 303	<p><b>5.9</b> - 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. <i>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.</i></p> <p><b>5.10</b> - 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. <i>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.</i></p> <p><b><u>Prevention - Areas for Improvement</u></b></p> <p><b>7.5</b> - 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. <i>The local authority should continue to have oversight and monitor the effectiveness of this development and the impact of this for children and families.</i></p> <p><b><u>Partnership - Areas for Improvement</u></b></p>			

Report Title /Date	Recommendations / observations	Reporting Information		Response and RAG
Tudalen 304	<p><b>9.6</b> - <i>Children’s services must communicate information about duty to report outcomes in a timely manner to the person who made the initial report.</i> There are inconsistencies in current practice in relation to this.</p> <p><b>9.7</b> - <i>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.</i></p> <p><b>9.8</b> - 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. <i>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.</i></p> <p><b>9.9</b> - 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. <i>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.</i> This in both the longer and shorter term, and where possible, avoiding the need for care leavers to present as homeless.</p>			



Estyn

There were no inspection reports published from Estyn regarding Flintshire as an authority in 2023/24 therefore, there are no progress updates to provide.

Information Commissioner’s Office (ICO)

Report Title /Date	Recommendations / observations	Reporting Information		Response and RAG
Information Commissioner’s Annual Report 2022-23 July 2023	<b>Report Link:</b> <a href="https://ico.org.uk/media/about-the-ico/documents/4025864/annual-report-2022-23.pdf">https://ico.org.uk/media/about-the-ico/documents/4025864/annual-report-2022-23.pdf</a>  <b>Recommendation/Proposals for Improvement:</b> None	Cabinet: O&SC: G&AC:	N/A N/A N/A	N/A

Tuddalen 305

## Section 2. Summary of External Regulations and Inspections – 2022/23 – PROGRESS UPDATES

## Audit Wales

Report Title / Date	Recommendations / observations	Reporting Information	2022-23 Response & RAG (If applicable)	2023-24 Progress Update & RAG
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Tudalen 306</p> <p>Direct Payments for Adult Social Care</p> <p>April 2022</p>	<p><b>Report Link:</b>  <a href="https://www.audit.wales/sites/default/files/publications/Direct-payments-Eng-update-sept-2022.pdf">https://www.audit.wales/sites/default/files/publications/Direct-payments-Eng-update-sept-2022.pdf</a></p> <p><b>Recommendation/Proposals for improvement:</b></p> <p><b>R1</b> Review public information in discussion with service users and carers to ensure it is clear, concise and fully explains what they need to know about Direct Payments.</p> <p><b>R2</b> Undertake additional promotional work to encourage take up of Direct Payments.</p> <p><b>R3</b> Ensure advocacy services are considered at the first point of contact to provide independent advice on Direct Payments to service users and carers.</p> <p><b>R4</b> Ensure information about Direct payments is available at the front door to social care and are included in the initial discussion on the available care options for service users and carers.</p> <p><b>R5</b> Provide training to social workers on Direct Payments to ensure they fully understand their potential and feel</p>	<p>O&amp;SC: April 23</p> <p>G&amp;AC: April 23</p>	<p><b>RAG: GREEN</b></p> <p>We recognise the importance of timely accessible information. The Flintshire Direct Payments Support Service has coproduced, with citizens a range of information booklets, factsheets and other resources to help broader understanding of direct payments. We also recognize that regardless of the quality of written information it is often necessary to adopt flexible and bespoke approaches to enabling full understanding of the opportunities and responsibilities and have tried to facilitate an approach that recognises this. We broadly agree that promotion of direct payments as a genuine option for people ties in with social work practice, social work understanding, team culture, Social Work training and leadership. To give context to these recommendations we feel that providing examples of good quality resources such as available information, training approaches etc., details of what is currently available and what is missing in Wales would have been helpful and constructive in supporting progress in these areas.</p> <p>With regards to R3, we are slightly confused that the report suggests that independent advice about direct payments should be provided from first contact. This appears to</p>	<p><b>RAG: GREEN</b></p> <p><b>R1</b> Review public information in discussion with service users and carers to ensure it is clear, concise and fully explains what they need to know about Direct Payments. We recognise the importance of timely accessible information. The Flintshire Direct Payments Support Service has coproduced, with citizens a range of information booklets, factsheets and other resources to help broader understanding of direct payments. We also recognize that regardless of the quality of written information it is often necessary to adopt flexible and bespoke approaches to enabling full understanding of the opportunities and responsibilities and have tried to facilitate an approach that recognises this. We broadly agree that promotion of direct payments as a genuine option for people ties in with social work practice, social work understanding, team culture, Social Work training and leadership. To give context to these recommendations we feel that providing examples of good quality resources such as available information, training approaches etc., details of what is currently available and what is missing in Wales would have been helpful and constructive in supporting progress in these areas. To this</p>

Report Title / Date	Recommendations / observations	Reporting Information		2022-23 Response & RAG (If applicable)	2023-24 Progress Update & RAG
Tudalen 307	<p>confident promoting it to service users and carers.</p> <p><b>R6</b> Work together to develop a joint Recruitment and Retention Plan for Personal Assistants.</p> <p><b>R7</b> Clarify policy expectations in plain accessible language and set out:</p> <ul style="list-style-type: none"> <li>• what Direct Payments can pay for;</li> <li>• how application and assessment processes, timescales and review processes work;</li> <li>• how monitoring individual payments and the paperwork required to verify payments will work;</li> <li>• how unused monies are to be treated and whether they can be banked; and</li> <li>• how to administer and manage pooled budgets.</li> </ul> <p>Public information should be reviewed regularly (at least every two years) to ensure they are working effectively and remain relevant.</p> <p><b>R9</b> Work together to establish a system to fully evaluate Direct Payments that captures all elements of the process – information, promotion, assessing, managing and evaluating impact on wellbeing and independence.</p> <p><b>R10</b> Annually publish performance information for all elements of Direct Payments to enable a whole system view</p>			<p>be contradictory to the report’s findings detailed in exhibit 3 and paragraph 2.11 that citizens’ receiving support from direct payments services provided by local authorities have a more positive overall experience than those using a commissioned service. The report’s findings also suggest that 96% of direct payments recipients received initial information from local authority practitioners.</p> <p><b>Direct Payments &amp; CHC Funding</b> – We welcome the Welsh Labor Governments Manifesto pledge to improve the interface between direct payments and CHC. We are currently involved in moving this agenda forward via stakeholder and focus groups. However, we are of the opinion that to enable people in receipt of CHC funding to benefit from the same rights to exercise choice and control over their arrangements as other direct payments recipients will require changes to primary legislation.</p> <p><b>Systems to evaluate Direct Payments</b> – The Flintshire Direct Payments Support Service have developed core data sets and are using intelligent information to inform future priorities and practice. We are striving to align such data with the known impacts of direct payments solutions to provide a 360-degree evaluation process. We have also embedded citizen feedback into our work and are using this to shape and confirm the effectiveness’ of our services. Inclusion of such examples within the report and/or proactive suggestions to help local</p>	<p>end we have worked with Flintshire citizens to improve access to information about a range of direct payments best practice examples, including the addition of informative short films available via the councils dedicated direct payments on-line platform.</p> <p><b>R2</b> Undertake additional promotional work to encourage take up of Direct Payments. The Flintshire Direct Payments Team has always aimed to work in partnership to provide information and enable the true potential benefits of direct payments to be understood and realised. Promotion of the scheme in Flintshire includes daily and ongoing joint working with the social care workforce and co-productive relationships with a broad range of key stakeholder including but not limited to social care providers, Carers organisations, the personal assistant workforce and micro providers. A new animated promotional film has recently been produced and launched via the council’s web pages and this has served to compliment a wide range of promotional material available to both citizens and professionals.  <a href="https://www.flintshire.gov.uk/en/Residents/Social-Services/Direct-Payments/What-are-Direct-Payments.aspx">https://www.flintshire.gov.uk/en/Residents/Social-Services/Direct-Payments/What-are-Direct-Payments.aspx</a></p> <p>The team attend events whenever possible to promote direct payment and the innovative direct payments initiatives being undertaken in Flintshire. Our involvement often takes the form of attendance at Team Meetings, bespoke</p>

Report Title / Date	Recommendations / observations	Reporting Information		2022-23 Response & RAG (If applicable)	2023-24 Progress Update & RAG
Tudalen 308	of delivery and impact to support improvement			<p>authorities build more robust systems would have been welcomed.</p> <p><b>Recruitment &amp; Retention</b> – Personal Assistants are employed directly by recipients who are empowered and supported to become good employers, meet their responsibilities and retain workers. We cannot see how a joint recruitment and retention plan could be adopted and implemented without undermining the autonomy enjoyed by direct payments employers. We would rather focus on providing high quality support services that helps direct payments recipients become high quality employers.</p> <p><b>Clarify Policy Expectations</b> – We believe that the SSWB (Wales) Act 2014 and Part 4 Code of Practice provides the information, guidance and framework to enable local authorities to deliver on this recommendation.</p> <p>We would also be concerned that a recommendation suggesting that what direct payments can pay for are defined could stifle innovation and lead to a more prescribed process focused approach.</p> <p>There are already light touch, user friendly systems in place within Wales to reduce bureaucracy, paperwork and manual auditing enabling people to focus on what matters to them. Examples of good systems would have helped demonstrate the options.</p>	<p>offers of training, visits to partner organisations, joint working with other local authority departments, social work training and a range of initiatives to support and develop the Personal Assistant Workforce in Flintshire.</p> <p><b>R3</b> Ensure advocacy services are considered at the first point of contact to provide independent advice on Direct Payments to service users and carers. With regards to R3, we are slightly confused that the report suggests that independent advice about direct payments should be provided from first contact. This appears to be contradictory to the report’s findings detailed in exhibit 3 and paragraph 2.11 that citizens’ receiving support from direct payments services provided by local authorities have a more positive overall experience than those using a commissioned service. The report’s findings also suggest that 96% of direct payments recipients received initial information from local authority practitioners. However, independent advocacy is routinely offered where this would provide a benefit for the person.</p> <p><b>R4</b> Ensure information about Direct payments is available at the front door to social care and are included in the initial discussion on the available care options for service users and carers. Direct payments surgeries are offered to the social care workforce to both inform them of direct payments and to explore potential options and solutions prior to</p>

Report Title / Date	Recommendations / observations	Reporting Information		2022-23 Response & RAG (If applicable)	2023-24 Progress Update & RAG
Tudalen 309				<p><b>Unused Funding</b> – In Flintshire we promote the flexible use of direct payments, enabling people to change the way they meet their needs and outcomes and adapt to changing circumstances. However, where funding is no longer needed to meet assessed needs and outcomes, we strive to work in partnership with individuals to reuse money that is no longer needed. Funding is returned to the local authority to be used with other people. We do, however disregard the equivalent of eight weeks funding to support the flexibility inherent within the scheme.</p> <p><b>Personal Assistants</b> - We acknowledge that Personal Assistants are an important source of support for many people, and often enable a very personal, flexible relationship which has major benefits. The Flintshire Direct Payments Support Service has designed, developed internally and implemented some highly innovative resources that support and recognize the roles that Personal Assistants play locally. These innovations are the first of their kind in Wales and we were disappointed that they were not referenced within the report. Such approaches are often the catalyst for discussion, challenge and improvement and in this regard, we feel that the decision not to reference this and other work being undertaken across Wales was another missed opportunity.</p> <p>We don't fully agree with the statement <b><i>“Personal Assistants are essential to people making the most of Direct Payments, but service users struggle to recruit them”</i></b>. As</p>	<p>initial visits. The direct payments team offer the opportunity of information visits to support practitioners to have productive and well-informed discussions with citizens about direct payments and the potential opportunities. The direct payments team provide both written and digital information packs providing easy to access information about direct payments to inform both practitioners and citizens and enable informed choices to be made. The FCC direct payments web pages are highly regarded Nationally and a number of local authorities in Wales and England have adopted the format and resources available to people. The web pages contain a range of information as well as contact details should additional support be required.</p> <p><b>R5</b> Provide training to social workers on Direct Payments to ensure they fully understand their potential and feel confident promoting it to service users and carers. Mandatory training is provided via the Social Services Workforce Development Team to Social Workers on a quarterly basis. This training is delivered by the direct payments team manager, so accurately reflects local resources, approaches, examples, and priorities. Further to this bespoke training can be delivered to teams and individuals on request. This has extended to newly qualified SW sessions as well as sessions delivered to other local authority practitioners to support them in their direct payments journey.</p>

Report Title / Date	Recommendations / observations	Reporting Information		2022-23 Response & RAG (If applicable)	2023-24 Progress Update & RAG
Tudalen 310				<p>stated, Personal Assistants can be the best solution for many people, particularly those in need of physical care and support, however we feel that this emphasis on Personal Assistants is unhelpful and demonstrates a very limited perspective. Certainly, the focus of direct payments in Flintshire is on helping people achieve their personal outcomes, so solutions should not be limited. Further to this we could have provided a range of creative examples.</p> <p><b>Good Quality and accessible Information</b> - We welcome the finding that the vast majority of recipients involved in your survey found out about direct payments from a local authority officer. We were also encouraged that all local authorities are striving to provide quality information about direct payments. From a Flintshire perspective the team have worked with citizens and I.T partners to completely reinvent our web-based resources. This has resulted in an 800% increase in activity over the past 12 months. Additionally, we have facilitated forums, publish a quarterly newsletter, have an on-line news page, have developed Facebook and Twitter feeds, have written direct payments related articles, produced high quality promotional videos accessible via the Flintshire YouTube channel, addressed elected members, developed a catalogue of examples of innovative use of direct payments and have supported innovative solutions particularly during the pandemic to help people resolve personal challenges. We strongly feel that sharing such practice would have helped</p>	<p><b>R6</b> Work together to develop a joint Recruitment and Retention Plan for Personal Assistants. Personal Assistants are employed directly by recipients who are empowered and supported to become good employers, meet their responsibilities, and retain workers. We cannot see how a joint recruitment and retention plan could be adopted and implemented without undermining the autonomy enjoyed by independent direct payments employers. We prefer to focus our resources on providing direct payments employers with high quality support that helps them meet their employment responsibilities, develop safe working practices, offers a range of benefits to employees, supports personal growth and development and provides a professional career choice for people. Employing Personal Assistants provides people with a range of benefits and is highly resource efficient. The current Personal Assistant workforce saves the department a significant amount of money compared to traditional service led solutions. The recruitment of a dedicated Personal Assistant Coordinator would ensure that these recommendations are met and that the potential value and cost benefits associated with the Personal Assistant Workforce can be realised. Invest to save business case being developed. Specialist employer training is being arranged via specialist direct payments insurers and offered to direct payments employers in Flintshire.</p>

Report Title / Date	Recommendations / observations	Reporting Information		2022-23 Response & RAG (If applicable)	2023-24 Progress Update & RAG
Tudalen 311				<p>balance the report and supported other local authorities to develop their resources and approaches.</p> <p><b>Average spend per Direct Payment recipient</b> - We don't understand fully the value of this comparison. Is the report suggesting some correlation between direct payments funding per person and needs met, or outcomes achieved? If so, it would be helpful to have included examples to better explain. From our experience some of the lowest cost, innovative solutions can enable the achievement of individual outcomes whose benefit is hugely disproportionate to the financial cost.</p>	<p>FCC are offering a range of training and development opportunities for Personal Assistants in Flintshire including an induction certificate, bespoke e-learning modules via Grey matter Learning, A welcome to the PA role provided quarterly and facilitated by the direct payments team manager. We have also developed a broad range of complimentary benefits that support the Personal Assistant role, incentivise this career choice and supports retention.</p> <p><b>R7</b> Clarify policy expectations in plain accessible language and set out:</p> <ul style="list-style-type: none"> <li>•what Direct Payments can pay for;</li> <li>•how application and assessment processes, timescales and review processes work;</li> <li>•how monitoring individual payments and the paperwork required to verify payments will work;</li> <li>•how unused monies are to be treated and whether they can be banked; and</li> <li>•how to administer and manage pooled budgets.</li> </ul> <p>We are confident that the SSWB (Wales) Act 2014 and Part 4 Code of Practice provides the information, guidance and framework to enable local authorities to deliver on this recommendation. Further to this the direct payment team manager has recently been asked to make recommendations to WG regarding minor changes to the Part 4 code to ensure that it remains current and fit for purpose.</p> <p>Direct payments in Flintshire are being utilised creatively to meet both individuals</p>

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Tudalen 312					<p>and collective assessed needs and agreed well-being outcomes. Direct payments can be utilised in a multitude of ways to help achieve very individual and bespoke needs and circumstances. Solutions take into account individual strengths, networks, interests etc, so suggestions that a prescribed list be produced to describe what a direct payment can and cannot be used to fund would significantly stifle innovation and lead to a more prescribed process focused approach. We are confident that our conversations with people and their representatives recognise what matters to the person and enables genuine co-production between all parties to explore and implement solutions.</p> <p>There is already light touch, user friendly systems in place within Wales to reduce bureaucracy, paperwork and manual auditing enabling people to focus on what matters to them. Flintshire has a wide range of best practice examples to help demonstrate the options.</p> <p><b>R9</b> Work together to establish a system to fully evaluate Direct Payments that captures all elements of the process – information, promotion, assessing, managing and evaluating impact on wellbeing and independence.</p> <p>The Flintshire Direct Payments Support Service have developed core data sets and are using intelligent information to inform future priorities and practice. We are striving to align such data with the known impacts of direct payments solutions to</p>



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Tudalen 313					<p>provide a 360-degree evaluation process. We have also embedded citizen feedback into our work and are using this to shape and confirm the effectiveness' of our services. Inclusion of such examples within the report and/or proactive suggestions to help local authorities build more robust systems would have been welcomed.</p> <p><b>R10</b> Annually publish performance information for all elements of Direct Payments to enable a whole system view of delivery and impact to support improvement.</p> <p>Direct payments are paid to people in leu of traditional services. The approach enables individuals to create bespoke arrangements that are often creative and flexible. However, the outcomes are always to achieve the assessed needs and well-being outcomes identified via a statutory assessment and care &amp; support planning process. The achievement of these are reviewed at set timescales and will identify whether the solutions being purchased via the direct payments are meeting their intended purpose. If they are not there would be an expectation that they would end and an alternative service provided. The direct payments support service are happy to report on any aspect of the scheme on request. For this to be of benefit we would need to know what performance needs to be measured.</p>

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Report Title / Date	Recommendations / observations	Reporting Information		2022-23 Response & RAG (If applicable)	2023-24 Progress Update & RAG
Tudalen 314					<p><b>Further Information</b></p> <p><b>Unused Funding</b> – In Flintshire we promote the flexible use of direct payments, enabling people to change the way they meet their needs and outcomes and adapt to changing circumstances. However, where funding is no longer needed to meet assessed needs and outcomes, we strive to work in partnership with individuals to reuse money that is no longer needed. Funding is returned to the local authority to be used with other people. We do, however disregard the equivalent of six weeks funding to support the flexibility inherent within the scheme.</p> <p><b>Personal Assistants</b> - We acknowledge that Personal Assistants are an important source of support for many people, and often enable a very personal, flexible relationship which has major benefits. The Flintshire Direct Payments Support Service has designed, developed internally and implemented some highly innovative resources that support and recognize the roles that Personal Assistants play locally. These innovations are the first of their kind in Wales and we were disappointed that they were not referenced within the report. Such approaches are often the catalyst for discussion, challenge and improvement and in this regard, we feel that the decision not to reference this and other work being undertaken across Wales was another missed opportunity.</p> <p>We don't fully agree with the statement "Personal Assistants are essential to people</p>

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Report Title / Date	Recommendations / observations	Reporting Information		2022-23 Response & RAG (If applicable)	2023-24 Progress Update & RAG
Tudalen 315					<p>making the most of Direct Payments, but service users struggle to recruit them”. As stated, Personal Assistants can be the best solution for many people, particularly those in need of physical care and support, however we feel that this emphasis on Personal Assistants is unhelpful and demonstrates a very limited perspective. Certainly, the focus of direct payments in Flintshire is on helping people achieve their personal outcomes, so solutions should not be limited. Further to this we could have provided a range of creative examples.</p> <p><b>Good Quality and accessible Information -</b>            We welcome the finding that the vast majority of recipients involved in the survey found out about direct payments from a local authority officer. We were also encouraged that all local authorities are striving to provide quality information about direct payments. From a Flintshire perspective the team have worked with citizens and I.T partners to completely reinvent our web-based resources. This has resulted in an 800% increase in activity over the past 12 months. Additionally, we have facilitated forums, publish a quarterly newsletter, have an on-line news page, have developed Facebook and Twitter feeds, have written direct payments related articles, produced high quality promotional videos accessible via the Flintshire YouTube channel, addressed elected members, developed a catalogue of examples of innovative use of direct payments and have supported innovative solutions particularly during the pandemic</p>

## Appendix A

Report Title / Date	Recommendations / observations	Reporting Information		2022-23 Response & RAG (If applicable)	2023-24 Progress Update & RAG
Tudalen 316					<p>to help people resolve personal challenges. We strongly feel that sharing such practice would have helped balance the report and supported other local authorities to develop their resources and approaches.</p> <p><b>Average spend per Direct Payment recipient</b> - We don't understand fully the value of this comparison. Is the report suggesting some correlation between direct payments funding per person and needs met, or outcomes achieved? If so, it would be helpful to have included examples to better explain. From our experience some of the lowest cost, innovative solutions can enable the achievement of individual outcomes whose benefit is hugely disproportionate to the financial cost. We would draw attention to some of the pooled direct payments initiatives in Flintshire that have enabled people to pool resources to build shared solutions, reduce costs, increase benefits and prevent the need for more formal statutory support.</p>
<p>Public Sector Readiness for Net Zero Carbon by 2030</p> <p>July 2022</p>	<p><b>Report Link:</b>  <a href="https://www.audit.wales/sites/default/files/publications/Public_Sector_Readiness_for_Net_Zero_Carbon_by_2030.pdf">https://www.audit.wales/sites/default/files/publications/Public_Sector_Readiness_for_Net_Zero_Carbon_by_2030.pdf</a></p> <p><b>Recommendation/Proposals for improvement:</b>            Given the high-level nature of the review, no specific recommendations were identified however, they encourage public bodies to consider the five messages within the report:</p>	<p>Cabinet:            O&amp;SC:            G&amp;AC:</p>	<p>Feb 23            Feb 23            Jan 23</p>	<p><b>RAG – AMBER</b></p> <p>As a Council we have strengthened our leadership through a committed Cabinet Member for Climate Change, a formalised Climate Change Committee, and cross-departmental Officer working groups to demonstrate collective responsibility through collaboration. We are working with our public sector partners to better understand the finances associated with decarbonisation, and to share best practice</p>	<p><b>RAG – N/A</b></p> <p>Audit Wales have since undertaken individual audits within each Local Authority which followed up on these recommendations.</p> <p>Please refer to Section 1 - Assurance and Risk Assessment (July 2023).</p>

Report Title / Date	Recommendations / observations	Reporting Information		2022-23 Response & RAG (If applicable)	2023-24 Progress Update & RAG
Tudalen 317	<ul style="list-style-type: none"> <li>- Strengthen your leadership and demonstrate your collective responsibility through effective collaboration</li> <li>- Clarify your strategic direction and increase your pace of implementation</li> <li>- Get to grips with the finances needed</li> <li>- Know your skills gaps and increase your capacity</li> <li>- Improve data quality and monitoring to support your decision making.</li> </ul>			<p>with improved data quality. The Council must continue to increase the pace of implementation of carbon reduction projects and increased capacity where skills gaps exist by providing the necessary investment.</p> <p>In July 2022 Welsh Government also published their 'Decarbonising Social Care in Wales's report which highlights key actions needed by the public sector to better understand the carbon emissions from social care services and to ensure actions to decarbonise are included in strategic plans. The Council's Climate Change Strategy already encompasses many aspects associated with social care; however, this will be reviewed as part of the strategy review in 2024/25. Within this review content and detail will be compared to the 'Social Care route map' to ensure this service area is effectively represented. Future carbon emission submissions to Welsh Government will require a separate analysis of emissions from social care.</p> <p>The methodology for the 2021/22 carbon emission data submission to Welsh Government was modified to incorporate the addition of new measures around Homeworking. The methodology used for calculating these emissions has a very high Relative Standard of Deviation due to necessary data being difficult to determine. In order to make this data meaningful and a true reflection of the carbon impacts from home working, we need to better understand the quantity of time our</p>	

Report Title / Date	Recommendations / observations	Reporting Information		2022-23 Response & RAG (If applicable)	2023-24 Progress Update & RAG
Tudalen 318				<p>employees work from home. This data collection could be tied into the wider 'employee commuting' survey. Due to the disparity of data, and emissions from Homeworking not being included in our baseline figures, we have not included this in scope for our 2021/22 carbon emission data report.</p> <p>With the addition of Homeworking emissions in 2021/22, and social care in 2022/23, the moving of reporting goalposts has potential to adversely affect the progress made in reducing our carbon emissions. It should be decided if any changes in methodology are to be included in future internal reporting or if the original baseline figures should be maintained.</p> <p>In December 2021, the Welsh Government committed to the development of regional energy strategies and Local Area Energy Plans in its approach to create a national energy plan by 2024. This exercise maps out future energy demand and supply for all parts of Wales to identify gaps and enable future planning.</p> <p>The North Wales Energy Strategy &amp; Action Plan has now been developed through a public sector working group and has been approved by the North Wales Economic Ambition Board. The strategy and action plan now needs to be endorsed by each Council, and implementation of this will be led by Ambition North Wales.</p> <p>Ambition North Wales are also leading on the development of the Local Area Energy</p>	

Report Title / Date	Recommendations / observations	Reporting Information		2022-23 Response & RAG (If applicable)	2023-24 Progress Update & RAG
				Plans and work with each Council will commence in 2023. The Planning is being funded by Welsh Government and the resulting Local Area Energy Plan will inform both local and national investment and decisions on future requirements for energy across all sectors.	
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">                     Equality Impact Assessments: More than a Tick Box Exercise? September 2022                 </p>	<p><b>Report Link:</b>  <a href="https://www.audit.wales/sites/default/files/publications/Equality_impact_assessment-english_0.pdf">https://www.audit.wales/sites/default/files/publications/Equality_impact_assessment-english_0.pdf</a></p> <p><b>Recommendation/Proposals for improvement:</b>                      There were four recommendations identified but only one was in relation to public bodies.</p> <p><b>Reviewing public bodies' current approach for conducting EIAs</b>  <b>R4</b> While there are examples of good practice related to distinct stages of the EIA process, all public bodies have lessons to learn about their overall approach. Public bodies should review their overall approach to EIAs considering the findings of this report and the detailed guidance available from the EHRC and the Practice Hub. We recognise that developments in response to our other recommendations and the Welsh Government's review of the PSED Wales Specific regulations may have implications for current guidance in due course.</p>	<p>Cabinet:                      CROSC:                      G&amp;AC:</p>	<p>June 24                      June 24                      June 24</p>	<p><b>RAG – AMBER</b></p> <p>Agree with the four recommendations detailed within the report however three of these are related to Welsh Government (WG).</p> <p>The three recommendations related to WG will provide greater clarity for public bodies on what is to be assessed, and what an integrated impact assessment should look like and will ensure partnership arrangements are included in the updated regulations.</p> <p><b>R4</b> - Agree with the recommendation. Discussions are taking place with another organisation and opportunities to adopt their approach to Impact Assessments. An action plan to implement the findings of Audit Wales has been developed.</p> <p>EHRC guidance was followed in developing the Equality Impact Assessment, a North Wales model has been adopted and this was sent to the EHRC for their approval.</p> <p>The Practice Hub is available on the Council intranet/Infonet as a resource.</p>	<p><b>RAG – GREEN</b></p> <p>A pilot project on a new Integrated Impact Assessment tool is in progress with Manchester University. An evaluation of the pilot project is due to start in April 2024.</p> <p>The majority of actions in the action plan developed in response to the Audit Wales report have been completed.</p>

## Appendix A

Report Title / Date	Recommendations / observations	Reporting Information		2022-23 Response & RAG (If applicable)	2023-24 Progress Update & RAG
				Provisional reporting dates have been provided; however, these may change.	
Welsh Language Report 2021-22  October 2022	<p><b>Report Link:</b> <a href="https://www.audit.wales/sites/default/files/publications/Welsh_Language_Report_2021-22.pdf">https://www.audit.wales/sites/default/files/publications/Welsh_Language_Report_2021-22.pdf</a></p> <p><b>Recommendation/Proposals for improvement:</b> None</p>	Cabinet: O&SC: G&AC:	N/A N/A N/A	N/A	N/A
Tudalen 320 National Fraud Initiative 20-21 October 2022	<p><b>Report Link:</b> <a href="https://www.audit.wales/sites/default/files/publications/The_National_Fraud_Initiative_in_Wales_2020_21_English_0.pdf">https://www.audit.wales/sites/default/files/publications/The_National_Fraud_Initiative_in_Wales_2020_21_English_0.pdf</a></p> <p><b>Recommendation/Proposals for improvement:</b> None</p>	Cabinet: O&SC: G&AC:	N/A N/A N/A	N/A	N/A
Time for change – Poverty in Wales  November 2022	<p><b>Report Link:</b> <a href="https://www.audit.wales/sites/default/files/publications/Time_for_%20Change_%20Poverty_English.pdf">https://www.audit.wales/sites/default/files/publications/Time_for_%20Change_%20Poverty_English.pdf</a></p> <p><b>Recommendation/Proposals for improvement:</b> <b>R2</b> In Paragraphs 2.13 – 2.23 and Paragraphs 3.33 – 3.35. we highlight that councils and partners have prioritised work on poverty, but the mix of approaches and a complicated delivery landscape mean that ambitions, focus, actions and prioritisation vary widely. We highlight that evaluating activity and reporting performance are also variable</p>	Cabinet: O&SC: G&AC:	TBC TBC TBC	<p><b>RAG – N/A</b></p> <p>We are aware of the report, our response is in preparation and will go via the governance process in due course.</p>	<p><b>RAG – AMBER</b></p> <p>We continue to work with our Poverty priorities in the Council Plan:</p> <ul style="list-style-type: none"> <li>• Income Poverty</li> <li>• Child Poverty</li> <li>• Food Poverty</li> <li>• Fuel Poverty</li> <li>• Digital Poverty</li> </ul> <p>Each section has actions and measures associated and are reported in line with council plan performance reporting.</p>



Report Title / Date	Recommendations / observations	Reporting Information		2022-23 Response & RAG (If applicable)	2023-24 Progress Update & RAG
Tudalen 321	<p>with many gaps. We recommend that the councils use their Wellbeing Plans to provide a comprehensive focus on tackling poverty to co-ordinate their efforts, meet local needs and support the revised national plan targets and actions. This should:</p> <ul style="list-style-type: none"> <li>• include SMART local actions with a greater emphasis on prevention.</li> <li>• include a detailed resourcing plan for the length of the strategy.</li> <li>• be developed with involvement from other public sector partners, the third sector, and those with experience of poverty.</li> <li>• include a robust set of consistent outcome indicators and measures to increase understanding of poverty locally; and</li> <li>• be subject to annual public reporting to enable a whole system view of poverty locally to help improve delivery and support.</li> </ul> <p><b>Leadership on the poverty agenda</b>  <b>R3</b> In Paragraph 2.23 we note that just over a third of councils have lead members and lead officers for addressing poverty. Given the importance of effective leadership in driving the poverty agenda forward and breaking silos within councils and between public bodies, we recommend that each council designate a cabinet member as the council’s poverty champion and designate a senior officer to lead and be accountable for the anti-poverty agenda.</p>				<p>We have yet to develop a combined strategy for Flintshire, this is still very much work in progress.</p> <p>The time for Change audit report is going to be presented later in the year, once schedule of committee meetings has been confirmed.</p>

Report Title / Date	Recommendations / observations	Reporting Information		2022-23 Response & RAG (If applicable)	2023-24 Progress Update & RAG
Tudalen 322	<p><b>Experience mapping to create inclusive services for people in poverty</b>  <b>R5</b> In Paragraphs 3.2 – 3.6 we highlight that people in poverty are often in crisis, dealing with extremely personal and stressful issues, but they often find it difficult to access help from councils because of the way services are designed and delivered. We recommend that councils improve their understanding of their residents’ ‘lived experience’ through meaningful involvement in decision-making using ‘experience mapping’ and/or ‘Poverty Truth Commissions’ to review and improve accessibility to and use of council services.</p> <p><b>Single web landing page for people seeking help</b>  <b>R6</b> In Paragraph 3.14 we highlight the difficulties people in poverty face accessing online and digital services. To ensure people are able to get the information and advice they need, we recommend that councils optimise their digital services by creating a single landing page on their website that:</p> <ul style="list-style-type: none"> <li>• is directly accessible on the home page</li> <li>• provides links to all services provided by the council</li> <li>• that relate to poverty; and</li> <li>• provides information on the work of partners that can assist people in poverty.</li> </ul>				

Report Title / Date	Recommendations / observations	Reporting Information		2022-23 Response & RAG (If applicable)	2023-24 Progress Update & RAG
<p>Tudalen 323</p>	<p><b>Streamlining and improving application and information services for people in poverty</b></p> <p><b>R7</b> In Paragraphs 3.15 and 3.16 we note that no council has created a single gateway into services. As a result, people have to complete multiple application forms that often record the same information when applying for similar services. We highlight that whilst it is important that councils comply with relevant data protection legislation, they also need to share data to ensure citizens receive efficient and effective services. We recommend that councils:</p> <ul style="list-style-type: none"> <li>• establish corporate data standards and coding that all services use for their core data;</li> <li>• undertake an audit to determine what data is held by services and identify any duplicated records and information requests</li> <li>• create a central integrated customer account as a gateway to services</li> <li>• undertake a data audit to provide refresher training to service managers to ensure they know when and what data they can and cannot share; and</li> <li>• review and update data sharing protocols to ensure they support services to deliver their data sharing responsibilities</li> </ul> <p><b>Complying with the socio-economic duty</b></p> <p><b>R8</b> In Paragraphs 3.27 to 3.32 we set out that while all councils undertake some</p>				

Report Title / Date	Recommendations / observations	Reporting Information		2022-23 Response & RAG (If applicable)	2023-24 Progress Update & RAG
Tudalen 324	<p>form of assessment to determine the likely socio-economic impact of policy choices and decisions, approaches vary and are not always effective. We recommend that councils review their integrated impact assessments or equivalent to:</p> <ul style="list-style-type: none"> <li>• ensure that they draw on relevant, comprehensive and current data (nothing over 12 months old) to support analysis.</li> <li>• ensure integrated impact assessments capture information on: <ul style="list-style-type: none"> <li>○ involvement activity setting out those the service has engaged with in determining its strategic policy such as partners, service users and those it is coproducing with.</li> <li>○ the cumulative impact/mitigation to ensure the assessment considers issues in the round and how it links across services provided across the council;</li> <li>○ how the council will monitor and evaluate impact and will take corrective action; and</li> <li>○ an action plan setting out the activities the Council will take as a result of the Integrated Impact Assessment.</li> </ul> </li> </ul>				
‘A missed opportunity’ – Social Enterprises	<p><b>Report Link:</b>  <a href="https://www.audit.wales/sites/default/files/publications/A_missed_opportunity_Social_Enterprises_English_0.pdf">https://www.audit.wales/sites/default/files/publications/A_missed_opportunity_Social_Enterprises_English_0.pdf</a></p>	<p>O&amp;SC:  Cabinet:  G&amp;AC:</p>	<p>May 23  May 23  June 23</p>	<p><b>RAG – N/A</b></p> <p>We are aware of the report, our response is in preparation and will go via the governance</p>	<p><b>RAG -GREEN</b></p> <p>Progress towards delivering the action plan, including how the Council has fulfilled</p>

Report Title / Date	Recommendations / observations	Reporting Information		2022-23 Response & RAG (If applicable)	2023-24 Progress Update & RAG
<p>(National Report)</p> <p>December 2022</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Tudalen 325</p>	<p><b>Recommendation/Proposals for improvement:</b></p> <p><b>R1.</b> To get the best from their work with and funding of Social Enterprises, local authorities need to ensure they have the right arrangements and systems in place. We recommend that local authority officers use the checklist in Appendix 2 to:</p> <ul style="list-style-type: none"> <li>• self-evaluate current Social Enterprise engagement,</li> <li>• management, performance and practice.</li> <li>• identify opportunities to improve joint working; and</li> <li>• jointly draft and implement an action plan with timeframes and responsibilities clearly set out to address the gaps and weaknesses identified through the self-evaluation.</li> </ul> <p><b>R2</b> To drive improvement we recommend that the local authority:</p> <ul style="list-style-type: none"> <li>• formally approve the completed Action Plan</li> <li>• regularly report, monitor and evaluate performance at relevant scrutiny committees; and</li> <li>• revise actions and targets in light of the authority's evaluation and assessment of its performance.</li> </ul> <p><b>R3</b> To ensure the local authority delivers its S.16 responsibilities to promote Social Enterprises we recommend that it</p>			<p>process in due course. Provisional reporting dates provided.</p>	<p>its section 16 responsibilities, will be formally reported to Cabinet and Scrutiny on an annual basis.</p> <p><b>R1</b> - Flintshire County Council, in response to the Audit Wales report, has completed a self-evaluation process on its work with social enterprises in consultation with the sector. This used the template provided by Audit Wales (Appendix 1). The Council, in response to the findings of the self-assessment, has worked with the sector to update the social enterprise action plan (Appendix 2). This will be submitted to the relevant Overview and Scrutiny Committee for discussion and presented to Cabinet for approval.</p> <p><b>R2</b> - The social enterprise action plan will be presented to the relevant Overview and Scrutiny Committee for discussion and will be formally approved by Cabinet. Progress on supporting social enterprises is already reported to Cabinet and Scrutiny as part of the formal Council Plan monitoring. However, as set out in the action plan, opportunities to raise the awareness and understanding of social enterprises amongst elected members will be created through specific events and more detailed reporting.</p> <p><b>R3</b> - To ensure the local authority delivers its S.16 responsibilities to promote Social Enterprises we recommend that it reports on current activity and future priorities following the evaluation of its Action Plan</p>

## Appendix A

Report Title / Date	Recommendations / observations	Reporting Information		2022-23 Response & RAG (If applicable)	2023-24 Progress Update & RAG
	reports on current activity and future priorities following the evaluation of its Action Plan including the Annual Report of the Director of Social Services.				including the Annual Report of the Director of Social Services.
<p style="text-align: center; margin: 0;">Tudalen 326</p> <p style="margin: 0;">Picture of Flood Risk Management</p> <p style="margin: 0;">December 2022</p>	<p><b>Report Link:</b>  <a href="https://www.audit.wales/sites/default/files/publications/A_Picture_of_Flood_Risk_Management_English_0.pdf">https://www.audit.wales/sites/default/files/publications/A_Picture_of_Flood_Risk_Management_English_0.pdf</a></p> <p><b>Recommendation/Proposals for improvement:</b>                      None</p>	<p>Cabinet: N/A                      O&amp;SC: N/A                      G&amp;AC: N/A</p>	<p>N/A                      N/A                      N/A</p>	<p><b>RAG – AMBER</b></p> <p>We are aware of the report. There are no specific recommendations identified for Local authorities and Audit Wales did not expect local authorities to provide a formal response to the flooding report, or to table the report for a committee meeting. They are hoping it will provide useful context to inform scrutiny of flood risk management. The report does raise a number of questions that need to be considered further by the Council, as the expectations being placed on Councils by Welsh Government in relation to flood risk management do not match the reality of the ability of Councils to resource and respond to this significant challenge. The questions to be considered include:</p> <ul style="list-style-type: none"> <li>The Council’s approach to reviewing its flood risk management strategy and creating a realistic and achievable action plan that prioritises Flintshire’s most vulnerable flood risk areas,</li> <li>The amount and distribution of Welsh Government funding,</li> <li>The Council-wide approach to flood risk management,</li> <li>The collation of a complete picture of the Council’s responsibilities for flood risk management assets,</li> <li>The lack of experience and professional capability in the flood risk sector and an</li> </ul>	<p><b>RAG – GREEN</b></p> <p>There are no specific recommendations identified for Local authorities and Audit Wales did not expect local authorities to provide a formal response to the flooding report, or to table the report for a committee meeting.</p> <p>The report raised a number of questions that will be picked up in the ongoing review of the Council’s Flood Risk Management Strategy. This will begin to be reported to informal Cabinet, Scrutiny and Climate Change Committee from late spring, before requiring final Cabinet approval following public consultation in the autumn, to then submit to Welsh Government.</p>

Report Title / Date	Recommendations / observations	Reporting Information		2022-23 Response & RAG (If applicable)	2023-24 Progress Update & RAG
Tudalen 327				<p>inability to recruit and retain flood risk management expertise,</p> <ul style="list-style-type: none"> <li>The added burden placed on Councils to act as SuDS Approving Bodies which often draws from the same internal resource that exist for flood risk management, if indeed this resource does exist,</li> <li>The ability of Welsh Government to provide professional and technical direction and support to Councils in a flood risk sense, rather than simply acting as grant administrators, and</li> <li>The degree of co-ordination and collaboration between the Council and other flood risk management bodies including Welsh Water and Natural Resources Wales.</li> </ul> <p>These and other considerations will be picked up in future reports to the Council.</p>	
<p>‘Together we can’ – Community resilience and self-reliance (National Report) January 2023</p>	<p><b>Report Link:</b> <a href="https://www.audit.wales/sites/default/files/publications/Together_we_can_Community_resilience_and_self_reliance_English_2.pdf">https://www.audit.wales/sites/default/files/publications/Together_we_can_Community_resilience_and_self_reliance_English_2.pdf</a></p> <p><b>Recommendation/Proposals for improvement:</b> <b>R1</b> To strengthen community resilience and support people to be more self-reliant, local authorities need to ensure they have the right arrangements and systems in place. We recommend that local authorities use the evaluation tool in Appendix 2 to:</p>	<p>Cabinet: O&amp;SC: G&amp;AC:</p>	<p>18<sup>th</sup> June 24 12<sup>th</sup> June 24 26<sup>th</sup> June 24</p>	<p><b>RAG – N/A</b></p> <p>We are aware of the report but given that the report covers such a cross cutting area (and is not very well defined), an officer has been agreed as the nominated lead for this, but input will be required from a number of service areas.</p> <p>A response will be prepared and will go via the governance process in due course. Provisional reporting dates provided.</p>	<p><b>RAG – N/A at present</b></p> <p>Appropriate Officers have considered the Audit Wales report and recommendations. A report outlining the proposed response is drafted and will be reported to the appropriate Council Committees and Cabinet in June 2024.</p> <p>An update on progress regarding this report will be conveyed within next year’s External Regulation annual report.</p>

Report Title / Date	Recommendations / observations	Reporting Information		2022-23 Response & RAG (If applicable)	2023-24 Progress Update & RAG
Tudalen 328	<ul style="list-style-type: none"> <li>• self-evaluate current engagement, management, performance and practice;</li> <li>• identify where improvement is needed; and</li> <li>• draft and implement an action plan with timeframes and responsibilities clearly set out to address the gaps and weaknesses identified in completing the evaluation tool.</li> </ul> <p><b>R2</b> To help local authorities address the gaps they identify following their self-evaluation, we recommend that they:</p> <ul style="list-style-type: none"> <li>• formally approve the completed Action Plan arising from the evaluation exercise.</li> <li>• regularly report, monitor and evaluate performance at relevant scrutiny committees; and</li> <li>• revise actions and targets in light of the authority’s evaluation and assessment of its performance.</li> </ul>				

## Care Inspectorate Wales (CIW)

There were no inspection reports from CIW regarding Flintshire as an authority in 2022/23 therefore, there are no progress updates to provide.



Report Title / Date	Recommendations / observations	Reporting Information		2022-23 Response and RAG	2023/23 Progress Update and RAG
<p>Adult Community Learning Provision (jointly provided with Wrexham) May 2022</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Tudalen 329</p>	<p><b>Report Link:</b> <a href="#">Inspection report Wrexham and Flintshire ALC Partnership 2022 (gov.wales)</a></p> <p><b>Recommendation/Proposals for improvement:</b></p> <p><b>R1</b> - Increase opportunities for adult learning in the community bilingually and through the medium of Welsh</p> <p><b>R2</b> - Track, monitor and evaluate learners' long-term progress through the partnership's provision</p> <p><b>R3</b> - Develop a partnership approach to self-evaluation and improvement of learning and teaching across all the partnership's provision.</p> <p><b>R4</b> - Improve opportunities for learners to receive advice and guidance about joining the partnership's provision.</p>	<p>Cabinet: O&amp;SC:</p>	<p>Sept 22 Oct 22</p>	<p><b>RAG – GREEN</b></p> <p>The four recommendations from the inspection are being delivered through the ACL Quality Improvement Plan which is overseen by the ACL Partnership Board. A future report to Education Overview and Scrutiny Committee will be presented in twelve months outlining the progress made.</p> <p>Also, the ACL Partnership was asked to produce two best-practice case studies for Estyn. They can be found:</p> <p><b>Establishing a new adult learning in the community partnership in Wrexham and Flintshire:</b> <a href="https://www.estyn.gov.wales/effective-practice/establishing-new-adult-learning-community-partnership-wrexham-and-flintshire">https://www.estyn.gov.wales/effective-practice/establishing-new-adult-learning-community-partnership-wrexham-and-flintshire</a></p> <p><b>Family Learning:</b> <a href="https://www.estyn.gov.wales/effective-practice/family-learning">https://www.estyn.gov.wales/effective-practice/family-learning</a></p>	<p><b>RAG – GREEN</b></p> <p>Scrutiny members were provided at their 13<sup>th</sup> July 2023 meeting with an update on progress being made against the recommendations.</p> <p>The committee accepted the recommendation to note the progress made against the Estyn Inspection recommendations and to be assured by the rigour of improvement planning and evaluation within the Partnership.</p> <p>Ongoing work is absorbed into the annual improvement cycle of the ACL Partnership.</p>

## Information Commissioner’s Office (ICO)

Report Title / Date	Recommendations / observations	Reporting Information		2022-23-Response and RAG	2023-24 Progress Update & RAG
Information Commissioner’s Annual Report 2021-22  July 2022	<b>Report Link:</b> <a href="https://ico.org.uk/media/about-the-ico/documents/4021039/ico-annual-report-2021-22.pdf">https://ico.org.uk/media/about-the-ico/documents/4021039/ico-annual-report-2021-22.pdf</a>  <b>Recommendation/Proposals for improvement:</b> None	Cabinet: O&SC: G&AC:	N/A N/A N/A	N/A	N/A

Tudalen 330

# Eitem ar gyfer y Rhaglen 12



## GOVERNANCE & AUDIT COMMITTEE

<b>Date of Meeting</b>	Wednesday, 10 <sup>th</sup> April 2024
<b>Report Subject</b>	Internal Audit Strategic Plan
<b>Report Author</b>	Internal Audit, Performance and Risk Manager
<b>Type of Report</b>	Assurance

### EXECUTIVE SUMMARY

All principle local authorities subject to the Accounts and Audit (Wales) Regulations must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control. It must make provision for internal audit in accordance with the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note issued alongside it.

In line with the Standards, internal audit must produce a risk based plan taking into account the need to produce an annual audit opinion and linked to the organisation's objectives and priorities.

The three year Flintshire Internal Audit Strategic Plan is attached, Appendix A. The first year of the plan is completed in greater detail highlighting high priority audits and annual reviews to be completed during the financial year 2024/25. Medium priority audits will be scheduled to audit subsequently, unless higher priority work is identified through the quarterly monitoring of the plan or where resources prevent this.

### RECOMMENDATIONS

1	<p>The Committee is requested to consider the Flintshire Internal Audit Strategic Plan and to make comments on its content. In doing so the committee is asked to consider:</p> <ul style="list-style-type: none"><li>• Does the three year plan for Internal Audit as set out in Appendix A reflect the areas that the Committee believe should be covered?</li><li>• Does the first year of the plan reflect the areas that should be prioritised?</li><li>• Is the level of audit resources accepted by the Committee and agreed as appropriate, given the level of assurance required?</li></ul>
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2	The Committee is required to approve the Flintshire Internal Audit Strategic Plan for 2024-2027.
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## **REPORT DETAILS**

<b>1.00</b>	<b>EXPLAINING THE INTERNAL AUDIT STRATEGIC PLAN</b>
1.01	Each year Flintshire Internal Audit prepares a three year audit plan, with the first year completed in more detail. This plan is designed to meet the professional standards required of us in order to review and evaluate the risk management, control, and governance arrangements within the Authority.
1.02	The Flintshire Internal Audit plan, which is attached, takes into account the Council's objectives and risks, complaints, materiality of spend, reputational risk, and discussions with management.
1.03	The final plan was produced after consultation with the Portfolio management teams, the Chief Executive and Audit Wales (AW). The plan covers various types of work including, but not limited, to risk based, system based, advice & consultancy, and value for money projects as well as our involvement in development projects.
1.04	<p>The plan for 2024/25 has been formulated for the current level of resources. The aim of the plan is to complete the 'Core' plan, this being the high priority audits and annual / biannual reviews detailed within the plan within 2024/25. Those medium priority audits will be kept under constant review during quarterly meetings with Chief Officers and their management teams, Audit Wales and bi-monthly meetings with the Chief Executive. Any work required to respond to emerging issues or risks may take precedence over the medium priority reviews. Not all medium priority reviews will be completed.</p> <p>Where still relevant those audits deferred in 2023/24 have been included within the 2024-25 Internal Audit Strategic Plan.</p>

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	None from this report. The resources needed for the plan use the resources available.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	Consultation carried out with Portfolio management teams, Chief Officers, the Chief Executive and Audit Wales.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	Flintshire Internal Audit is part of the governance framework and provide assurance on governance, risk management and internal control. The plan needs to provide the basis for that assurance over the coming years.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix A – Flintshire Internal Audit Strategic Plan – 2024/2027

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

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Audit Wales:</b> 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><b>Corporate Governance:</b> 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><b>Operational Plan:</b> the annual plan of work for the Internal Audit team.</p> <p><b>Risk Management:</b> the process of identifying risk, evaluating their potential consequence 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 process of controlling, transferring or retaining the risk. Opportunities are managed by identifying strategies to maximise the opportunity or reward for the organisation.</p>

Mae'r dudalen hon yn wag yn bwrpasol

Flintshire County Council

# Internal Audit Strategic Plan



Tudalen 335

2024 - 2027

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Tudalen 336

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Presented to Governance and Audit Committee, 10 April 2024



# 1. INTRODUCTION

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1.1 This document summarises the work undertaken to develop the Internal Audit Strategic Plan for 2023-2026. It covers:

- Role, Responsibilities and Scope of Internal Audit
- Available Resources
- Reporting Arrangements
- Proposed detailed programme of work for 2023/24 and summary of work for 2024/25 – 2025/26

1.2 As required the strategic plan has been prepared in accordance with the best practice requirements set out in the Public Sector Internal Audit Standards (PSIAS).

1.3 The Council has adopted the PSIAS definition of Internal Auditing:

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

1.4 In accordance with PSIAS, the mission of Internal Audit is to 'enhance and protect organisational value by providing risk based and objective assurance, advice and insight'.

1.5 In line with these requirements, we perform our internal audit work with a view to reviewing and evaluating risk management, control, and governance arrangements that the organisation has in place, and to support the Council in achieving its aims, objectives and priorities set out in the Council Plan.

1.6 The work is designed to enable the Internal Audit, Performance and Risk Manager to arrive at her year-end annual audit opinion on the adequacy and effectiveness of governance, risk management and the control environment. The Annual Internal Audit Report provides evidence to support the Annual Governance Statement.

1.7 As required by the PSIAS, the Internal Audit Service is delivered and developed in accordance with the Internal Audit Charter. The Charter defines the role, scope, independence, authority, and responsibility of the Internal Audit Service. The Council has formally agreed these provisions and sets out the Internal Audit Charter in Section 29 of the Council's Constitution.

## 2. ROLES, RESPONSIBILITIES AND SCOPE

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### 2.1 Role and Responsibilities of Internal Audit

- Review and develop the Council's governance processes
- Assist in the development of an effective internal control environment
- Provide advice and insight on all operations within the Council and provide added corporate value
- Evaluate the effectiveness of the Council's internal control, risk management and governance arrangements by providing independent and objective assurance to management and the Governance and Audit Committee

### 2.2 Responsibilities of Management

To establish and maintain adequate systems of controls and to implement those actions identified by internal audit to improve systems of controls and mitigate risks. The implementation of agreed action cannot eliminate risk entirely.

### 2.3 Responsibilities of Governance and Audit Committee

In relation to Internal Audit, the Governance and Audit Committee are responsible for:

- Approving the Internal Audit Charter
- Approving, but not directing, the Internal Audit Strategic Plan. In approving the plan, consideration has been given to:
  - Does the three-year Strategic Plan for Internal Audit (as set out Section Six) reflect the areas that the Governance and Audit Committee believe should be covered?
  - Does the first year of the plan reflect the areas that should be prioritised?
  - Is the level of audit resource accepted by the Committee and agreed as appropriate, given the level of assurance required?
- Receiving quarterly reports summarising internal audit's work to seek assurance and act where necessary
- Making appropriate enquiries of management and the Internal Audit, Performance and Risk Manager to determine where there are inappropriate scope or resource limitations
- Receiving and consider the Annual Internal Audit Report

## 2. ROLES, RESPONSIBILITIES AND SCOPE

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### 2.4 Responsibilities for Fraud and Detection

The primary responsibility for the prevention and detection of fraud rests with management. Management's responsibilities include creating an environment where fraud is not tolerated, identifying fraud risks, and taking appropriate actions to ensure that controls are in place to prevent and detect fraud. It is not the role or responsibility of internal audit to detect fraud. However, internal audit will:

- Undertake investigations into reports of breaches of the Council's regulations or criminal activities i.e. fraud against the Council
- Undertake investigations of reports from staff, other persons engaged in activities on behalf of the Council, and members of the public, regarding perceived cases of possible breach of rules or regulations, mismanagement, misconduct, or fraudulent abuse of authority
- Refer to the police suspected criminal activity, in accordance with the Anti-Fraud and Corruption Policy and the Fraud Response Plan
- Maintain the Council's Anti-Fraud and Corruption Policy, Fraud Response Plan, and the Whistleblowing Policy
- Administer CIPFA's National Fraud Initiative

### 2.5 Scope of Internal Audit

- Covers the entire control environment within the Council including both financial and non-financial systems
- Reviews controls that protect the interests of the Council when dealing with strategic partnerships that the Council has an involvement with
- Provides an internal audit service to 3<sup>rd</sup> parties via Service Level Agreements

## 3. RESOURCES

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### 3.1 Delivery of the Internal Audit Service

The audit plan will be delivered by experienced and suitably qualified in-house team comprising of 6.6 FTE auditors. The level of resource is considered sufficient to deliver the annual assurance opinion, however it may be necessary to use external resource to deliver more technical ICT audits should the need arise.

Where opportunities arise, collaborative working would be undertaken with internal audit colleagues from neighbouring authorities to deliver audit assignments.

### 3.2 Resource Requirements

The level of resource requirements has been assessed to ensure the delivery of an effective and efficient internal audit service to the Council. This has been based on the need to provide assurance over the Council's:

- Key financial systems
- Risk management, performance management and governance arrangements
- Front line and support services, including schools
- Procurement and contract management arrangements
- Information Governance
- Provision of advice and consultancy
- Any follow up work to provide assurance that agreed actions have been implemented
- Any unplanned work that may arise during the year
- Anti-Fraud and Corruption arrangements

### 3. RESOURCES

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#### 3.3 Mitigation of any Potential Impairment to Independence and Objectivity

The Internal Audit Service is managed by the Internal Audit, Performance and Risk Manager who also is responsible for managing:

- Performance and Risk Management
- Central Despatch

To mitigate any potential impairment to independence and objectivity regarding the audit of these services, the Chief Officers for Governance is responsible for agreeing any scope, findings and management actions relating to these services. This has been reporting and agreed previously to the Governance and Audit Committee.

#### 3.4 Approach to Placing Assurance on Other External Sources of Assurance

When scoping specific audit reviews, consideration will be given to placing reliance on other sources of external assurance to ensure best use of the internal audit resources. Where reliance has been placed on external assurance this will be referred to in the audit report.

## 4. REPORTING ARRANGEMENTS

### 4.1 Audit Reports





Following each audit, a draft report is issued to the manager responsible for the area for consideration. The final report issued contains managements' agreed actions to address the audit findings together with a proposed date of implementation. A copy of the report is distributed to the relevant:

- Responsible Officer for implementing agreed management actions
- Service Manager
- Chief Officer accountable for the implementation of agreed actions
- Chief Executive (Red / Limited assurance reports)
- Strategic Performance Advisor (where risks are identified as missing from the Strategic Risk Register)

It is the responsibility of management to ensure all agreed actions are implemented by the due dates set.

### 4.2 Assurance Opinion

For each audit, an assurance opinion is provided based on the information and evidence obtained during the review. The purpose of the assurance opinion is to provide an assessment of the effectiveness of the risk management, control, and governance arrangements in place within the area audited. The assurance opinions used by the Internal Audit Service are:

 <b>Green (Substantial)</b>	Strong controls in place as key controls have been adequately designed and are operating effectively to deliver the key objectives of the system, process, function, or service
 <b>Amber Green (Adequate)</b>	Key controls are in place and generally operating effectively but some fine tuning required.
 <b>Amber Red (Some)</b>	Significant improvement in control environment required as key controls are generally inadequate or ineffective
 <b>Red (Limited)</b>	Urgent process revision required a there is a lack of adequate or effective controls in place

## 4. REPORTING ARRANGEMENTS

### 4.3 Priority Grading of Findings

Each finding identified within an individual audit review will be given a priority rating:

High	Action is imperative to ensure that the objectives of the area under review are met
Medium	Requires action to avoid exposure to significant risks in achieving the objectives of the area
Low	Action encouraged to enhance control or improve operational efficiency

### 4.4 Reporting to Governance and Audit Committee

On a regular basis Governance and Audit Committee receive internal audit progress reports for consideration. These reports identify:

- Those audits completed during the period together with the assurance opinion given
- Details of those audits issued with a Red (Limited) assurance opinion
- Details of those audits issued with an Amber Red (Some) assurance opinion
- Progress by management on the implementation of agreed actions
- Measurement of internal audits performance against internal performance targets and progress against the audit plan
- An update on any investigations internal audit is involved with
- Progress against the annual audit plan

Where a Red (Limited) assurance opinion has been given, the relevant Chief Officer and Service Manager are asked to attend Governance and Audit Committee to provide further update on progress to address the findings. For any Amber Red (Some) assurance or Red (Limited) assurance opinions provided, the service will be requested to include the audit report within their respective overview and scrutiny committee agendas.

### 4.5 Annual Audit Opinion

An annual report is presented to Governance and Audit Committee for consideration. This report includes the Internal Audit, Performance and Risk Manager's overall opinion on the effectiveness of the Council's risk management, control, and governance arrangements. This opinion forms only one of the sources of assurance to support the Annual Governance Statement.

## 5. DEVELOPMENT OF THE STRATEGIC PLAN

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### 5.1 Requirements of Internal Audit

In accordance with the PSIAS, it is a requirement of the Internal Audit, Performance and Risk Manager to establish a risk-based audit plan to determine the priorities of the internal audit activity, consistent with the organisation's goals.

### 5.2 Development and Prioritisation of Audit Coverage

An assurance mapping exercise was undertaken to develop the 2024/25-2026/27 Strategic Plan. This exercise took into consideration:

- Results of previous audit work (last audit opinion and time since last audit)
- Any changes to the Council's systems, processes, controls, or service delivery
- New and emerging risks affecting the Council
- Priorities within the Council Plan
- Materiality of budget
- The Council's risk management processes
- Senior management's views of risks and priorities within their area of responsibility
- Annual Governance Statement
- Other sources of external assurance and the results of this external assurance
- The requirement to ensure there is sufficient coverage to support an annual audit opinion
- Audit work deferred from 2023/24

Each area has been assessed and all audits identified as high priority within the plan will be undertaken within the financial year 2024/25 together with those annual / biennial audits. Other audits will be undertaken if resource is available. The Audits plan will be kept under constant review through formal quarterly meetings with Chief Officers and their management team, Chief Executive and Audit Wales. Any new priorities or emerging risks may take precedence over existing audits to ensure the plan remains dynamic.

The outline scope for each audit and type of audits undertaken is detailed within the plan.

The strategic plan will be revisited each year to confirm current priorities for internal audit coverage and to develop a detailed internal audit plan for the forthcoming year.



## 5. DEVELOPMENT OF THE STRATEGIC PLAN

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### 5.3 Alignment of the Audit Plan to the Council's Plan and Strategic Risks

The audit plan has been developed to align audit work to support the priorities within the Council's Plan and strategic risks where applicable.

Where relevant the audit plan includes risk-based assignments that will provide assurance over the adequacy of the arrangements established to mitigate risks that may threaten the delivery of the Council's priorities.

### 5.4 Budgeted Time

To ensure the appropriate resources are allocated for each review, the audit days will be assigned following the scoping meeting.

### 5.5 Significant Changes to Planned Work

The audit plan will be kept under continuous review through formal quarterly meetings with Chief Officers and their management team, Chief Executive and Audit Wales. All changes will be reported to Governance and Audit Committee within the internal audit progress report.

## 6. INTERNAL AUDIT PLAN

### 6.1 Internal Audit Annual Plan – 2024/2025

Review	Rational	Priority	Output
<b>Chief Executives and Assets</b>			
Capital Programme and Strategy / Grant funding of Projects	To review, in conjunction with capital accounting, the effectiveness of the new evaluation process in place and compliance with the Capital Strategy	H	Assurance
Future ADMS	To provide advice and support over future ADMs	Annual	Advisory
3 <sup>rd</sup> Sector Core Funding - Follow Up	To follow up on the implementation of actions from the audit in 2023/24	Follow Up	Assurance
Capital Receipts	To ensuring value for money is achieved through the sale of Council assets	To be completed if resource is available	
<b>Education and Youth</b>			
Education Other Than Schools (EOTS)	To assess whether the Council is effectively managing and delivering EOTS to those eligible and need of accessing the provision, whilst ensuring appropriate safeguarding arrangements are in place	H	Assurance
Thematic Review – Safeguarding within Schools (SBS Checks)	Assess the monitoring arrangements in place within Education and Youth over how effective Safeguarding arrangements within schools are following. The annual self-evaluation of safeguarding procedures completed by schools will be used as part of this review	H	Assurance
Not in Education, Employment or Training (NEET)	Undertake a value for money review of the service and whether it's achieving its objectives	H	Assurance
Control Risk Self-Assessment	Focused questionnaires to all schools to identify cross cutting themes / issue	Annual	Advisory
Youth Service Consultation around the Strategic Plan	To review and advise the consultation and strategic planning process to ensure sound decisions based on service user feedback. (Advisory Review)	To be completed if resource is available	
<b>Governance</b>			
Protection against Ransomware attack	To review how robust arrangements in place are to detect and prevent attacks to the Council's infrastructure through ransomware (External - Salford IT Audit Service)	H	External Assurance
Procurement – Preparedness of the new Procurement Act	To assess the preparedness of the Council in responding and meeting the requirements of the new Procurement Act	H	Assurance
Cyber Security	As part of Cyber Security undertake a technical external review by Salford IT Audit Service on the Council's approach to preventing and responding to phishing attacks	Annual	External Assurance
Corporate Complaints / Handling - Follow Up	To review the progress made by the service in implementing the audit actions	Follow Up	Assurance
<b>Housing and Communities</b>			
Landlord H&S Compliance - Asbestos	To provide assurance as to the effectiveness of internal controls in place to ensure compliance with statutory/regulatory landlord obligations in relation to Asbestos.	H	Assurance

## 6. INTERNAL AUDIT PLAN

Review	Rational	Priority	Output
Welsh Housing Quality Standard 2023 - Phase One	To provide assurance as to the effectiveness of internal controls and management's action plan to ensure compliance with WHQS Phase One targets.	H	Assurance
Supporting People (grant)	Annual review to certify grant	Annual	Assurance
Homelessness Temporary Accommodation – Follow Up	Follow up to provide assurance that actions agreed from the 21/22 audit have been implemented	Follow up	Assurance
Housing Support Gateway	To provide assurance as to the internal controls in place to ensure effective onboarding, matching and signposting of service users	To be completed if resource is available	
<b>People and Resources – Finance</b>			
MTFS – Achievability of Efficiency Savings	To assess the ability to delivery those efficiency savings identified as part of the 2024/25 budget setting process	H	Assurance
Budget Management	To review the effectiveness of the budget setting and management process to support the Council's financial resilience	H	Assurance
Taxation	To assess the arrangements in place for the accurate accounting and treatment of VAT within the Council	H	Assurance
Write Offs	Considering the increase in debt, review the accuracy of write offs in accordance with policy	To be completed if resource is available	
Petty Cash	Review the arrangements in place to effectively manager Petty Cash within the Council		
<b>People and Resources – Human Resource &amp; Organisation Development</b>			
Matrix - off matrix agency Cost reporting	Review off matrix costs and appropriate process in place to ensure VFM is achieved	H	Assurance
Payroll, including Approach to Holiday Pay	Biennial review to assess the effectiveness of internal controls within the Council's financial systems and to provide assurance over compliance with the new changes concerning the treatment of holiday pay	H	Assurance
DBS Checks - Follow up	To review the progress made in implementing the audit actions	Follow Up	Follow Up
<b>Planning, Environment and Economy</b>			
Environmental Health	To provide assurance as to the effectiveness of internal controls in place to ensure compliance with statutory/regulatory obligations. Specific area to be agreed at scope	H	Assurance
Building Control – Fees & Charges	To provide assurance as to the internal controls in place around fees and charges levied and barriers to achieving income targets	H	Assurance
Minerals and Waste – Fees & Charges	To provide assurance as to the internal controls in place around fees and charges levied and barriers to achieving income targets	H	Assurance
Pest Control – Fees & Charges	To provide assurance as to the internal controls in place around fees and charges levied and barriers to achieving income targets	H	Assurance

## 6. INTERNAL AUDIT PLAN

Review	Rational	Priority	Output
<b>Streetscene and Transportation</b>			
HRC – Fees and Charges	To provide assurance as to the internal controls in place around fees and charges levied and barriers to achieving income targets	H	Assurance
Procurement & Contract Management/Monitoring	To provide assurance as to the internal controls in place across procurement, contract monitoring and the use of Proactis	H	Assurance
Governance, Delegation & Risk Management	To provide assurance as to the internal controls in place around clarity of role between officers and members when discharging decision making, governance and risk management responsibilities	H	Assurance
Parc Adfer	Biennial review to support Flintshire as lead authority and provide assurance as to the controls in place around Parc Adfer which Conwy, Denbighshire, Flintshire, Gwynedd and Ynys Môn councils use to meet their waste diversion and recycling targets and provide a stable, long term residential waste treatment service for the Partnership	Biennial	Assurance
<b>Social Services</b>			
Commissioning and Contracts	To ensure appropriate arrangement are in place for the management of commissioning and contracts and value for money is being achieved	H	Assurance
In House Childrens Home - Ty Nyth	Review of contract management and services delivery arrangements, including joint venture with Wrexham and has it achieved the objectives set	H	Assurance
Deferred Charges Residential Care Cost Liability – Follow Up	Follow up on the progress made within the actions identified as part of the Deferred Charges report	Follow Up	Follow Up
Social Work Agency / Agency Costs	Review the arrangements in place to manage the appointment of Social Workers via agencies and assess the costs associated with agency social workers, sickness, vacancies etc to ensure there is full adherence to the memorandum of understanding for an all Wales approach	To be completed if resource is available	
<b>External</b>			
Clwyd Pension Fund - Pensions Administration and Contributions	To provide assurance around the robustness of key internal controls, processes and procedures e.g. bank accounts, officer / advisory governance arrangements, non-payments of contributions, escalation process, and bank reconciliation	Biennial	Assurance
Aura Leisure and Libraries	Through the SLA with Aura, provide 10 days auditable service	Annual	Assurance
NEWydd Catering and Cleaning	Through the SLA with NEWydd, provide 10 days auditable service	Annual	Assurance
<b>Advisory / Project Groups</b>			
Pay Modelling Project Board	To continue to advise as part of the pay model project - extended date Oct 2024		
Replacement Masterpiece Project	Advisory review around delivery of the project		

## 6. INTERNAL AUDIT PLAN

Review	Rational	Priority	Output
GDPR Project Board	Internal Audits' contribution to the review and compliance with the requirements of the Data protection Act 2018		
Corporate Governance Working Group	As part of the group, undertake a self-assessment against CIPFA / SOLACE 'Delivering Good Governance, Wales'		
Accounts Governance Group	Continuing participation in the Account Governance Group and contribute to the development of the Annual Governance Statement		
Programme Coordinating Group	Continuing participation in the Programme Coordinating Group		
Corporate Health & Safety Group	Participation in the Corporate Services Health and Safety Group		
Corporate Data Protection Group	Continuing participation at the Corporate Data Protection Group		
Financial Procedures Rules	Internal Audits' contribution to the revision of policies and procedures within the Council's Financial Procedural Rules		
<b>Anti-Fraud, Prevention and Detection</b>			
Investigation of Fraud and Irregularities			
Proactive Fraud Work / Development			
Regional Fraud Network			
National Fraud Initiative (NFI)			
Fraud Risk Awareness			
Fraud Risk Assessment			
Review and Update of Counter Fraud Policies			
<b>Audit Management and Development</b>			
Committee Preparation			
Service Development			
Action Tracking and Validation			
General Advice			
Contingency			
Completion of 23/24			

## 6. INTERNAL AUDIT PLAN

### 6.2 Internal Audit 2025-27 Proposed Plan

Review	Rational	2025/26	2026/27
<b>Chief Executives and Assets</b>			
Compliance with equality and Welsh language duties	A corporate review to assess the framework in place to comply with the Welsh Language Standards	●	
Public Service Board Community Safety Partnership	Evaluation of the revised PSB to ensure it is delivering service objectives and effective change	●	
Social Value / Community Benefits	Evaluation of the controls and processes in place to ensure maximisation of community benefits across new contracts / projects	●	
<b>Education and Youth</b>			
Education Grants - Pupil Development Grant (PDG)	From 2025/25 there will be a requirement to audit these grants	●	●
Control Risk Self-Assessment	Focused questionnaires to all schools to identify cross cutting themes / issue	●	●
DFG Sustainable Communities for Learning Programme	To evaluate the effectiveness of the mitigating actions in place to manage the risk affecting rising project costs due to installation	●	
Pupil Stats and Funding Formular (Cross Cutting)	Review the accuracy of the data to support the school funding allocation following the implementation of the new SIMs replacement system	●	
<b>Governance</b>			
Data Protection	Review of compliance with the Data Protection Regulations 2018 at a portfolio / service (1st line) level	●	
Community Engagement	To review the effectiveness of the Community Engagement Strategy	●	
Cyber Security	As part of Cyber Security undertake a technical external review by Salford IT Audit Service on the Council's approach to preventing and responding to phishing attacks	●	●
<b>Housing and Communities</b>			
Disabled Facilities Grants	To provide assurance as to the internal controls in place across the DFG service including compliance with statutory obligations and value for money	●	
Housing Benefit (including Subsidy Grant)	Biennial review with focus on the Subsidy Grant. Specific focus for 22/23 will be confirmed at scope	●	
Supporting People Grant	Annual review to certify grant	●	

## 6. INTERNAL AUDIT PLAN

Review	Rational	2025/26	2026/27
<b>People and Resources (Finance)</b>			
Masterpiece Replacement System Project	Advisory review around delivery of the project.	●	●
Insurance	To review the efficiency and effectiveness of the service following a change in personnel within the team	●	
Treasury Management	Review to ensure compliance with Strategy and appropriate management of risk	●	
Corporate Grants (Replacement of WAO Work)	To review a sample of two grants and that they meet the grant conditions set by Welsh Government	●	
Main Accounting - General Ledger (GL) (Biennial)	Review of the robustness of general ledger controls and processes, including review of the accuracy of data uploaded into feeder systems at the service end	●	
Main Accounting (AR) including Corporate Debt Management	Review of effectiveness of debt management processes & procedures (Council Tax & sundry debt) including adequacy of bad debt provision & capacity to recover increasing levels of debt. The review will also look at the invoice dispute resolution process across the Council	●	
School Funding Formula (Cross Cutting)	To be picked up as a cross cutting review in 2025 with the accuracy of pupil stats / data	●	
Main Accounting - Accounts Payable (AP) and P2P (Biennial)	Biennial review to assess the effectiveness of the internal controls within the Councils financial systems		●
Procurements Cards	As Corporate Credits will be replaced by Procurement Cards, this review will ensure the controls are working effectively		●
<b>People and Resources (HR &amp; OD)</b>			
Imperago Time Management system	Assess the effectiveness of the roll out and use of Imperago, including compliance with Working Time Regulations	●	
Attendance Management	Compliance with Attendance management.	●	
Annual Leave	Compliance with the annual leave policy, accurate entitlement	●	
Notification of Leaver to Clwyd Pension Fund	To provide assurance that the revised controls in place are operating effectively	●	
Payroll	Biennial review to assess the effectiveness of internal controls within the Council's financial systems		●
<b>Planning, Environment and Economy</b>			
Climate Change, Environmental Sustainability and ESG- Follow Up	Follow up to provide assurance that actions agreed from the 23/24 audit have been implemented	●	

## 6. INTERNAL AUDIT PLAN

Review	Rational	2025/26	2026/27
Section 106 Agreements	To provide assurance that the revised controls following the previous audit work (15/16 & 17/18) are operating effectively	●	
Trading Standards	To provide assurance as to the internal controls in place across the service including compliance with regulatory/statutory obligations – specific area will be defined at scope	●	
<b>Streetscene and Transportation</b>			
Parc Adfer	Bi-annual review to support Flintshire as lead authority and provide assurance as to the controls in place around Parc Adfer which Conwy, Denbighshire, Flintshire, Gwynedd and Ynys Môn councils use to meet their waste diversion and recycling targets and provide a stable, long term residential waste treatment service for the Partnership		●
<b>Social Services</b>			
Children out of County Care and Education	Joint review with education to assess how effective the mitigating arrangements are in place in meeting national pressures	●	
Direct Payments	To provide assurance as to the internal controls in place across the Direct Payments service including compliance with statutory obligations and prevention of fraud	●	
Voice of One Child (Advisory)	Detail of advisory scope to be confirmed	●	
Placements (Unregistered)	To provide assurance that the revised internal controls following previous audit advisory work (22/23) are in place and operating effectively		●
<b>External</b>			
Clwyd Pension Fund - Pensions Administration and Contributions (Biennial)	Review how effective the CPF is in administering discretions as set out within the LGPS regulations	●	
Clwyd Pension Fund – Investments (Biennial)	To provide assurance around the robustness of processes & controls in place for the management of their investments		●
Aura Leisure and Libraries (Annual)	Through the SLA with Aura, provide 10 days auditable service	●	●
NEWydd Catering and Cleaning (Annual)	Through the SLA with NEWydd, provide 10 days auditable service	●	●



## 6. INTERNAL AUDIT PLAN

### 6.3 Types Audit Coverage

The following types of audit work will be completed to support the audit coverage above:

Type of Audit	Explanation of Audit
<b>Risk Based Audit:</b>	This work is based on the strategic or operational risks. The audits examine the objectives of the area under consideration, the risks that may affect the achievement of those objectives and the adequacy and effectiveness of the controls around those risks
<b>System Based Audit:</b>	Predominantly of key financial systems to give assurance that they are operating effectively. Key control reviews will be carried out on all core financial systems with continuing close liaison with our external auditors to maximise audit efficiency
<b>Follow Up Audit:</b>	Specific follow up audits have been planned where there have been a number of recommendations made in previous reviews
<b>Consultancy Services:</b>	The nature and scope of consultancy engagements are agreed by the portfolio / service. The work is intended to add value and improve an organisations governance, risk management and control processes without the auditor assuming management responsibility
<b>Advisory Work:</b>	Audit time to take part in specific projects or developments, as already requested/agreed with management
<b>Value For Money:</b>	Value for money is considered as part of each audit review. In addition, there may be a few specific reviews in the plan where that is the focus of the audit
<b>Schools:</b>	We will visit a number of schools based on risk and date of last review. The audit will comprise of an establishment audit covering aspects of governance, personnel, financial, information
<b>Grant Claims:</b>	As in previous years, time has been assigned to carry out reviews of grant claims
<b>Counter Fraud:</b>	We will continue to conduct investigations in fraud and irregularity during the year. In addition, we will continue to participate in the National Fraud Initiative. This matches data across organisations and systems to help identify potentially fraudulent or erroneous claims and transactions. The amount of time allocated is based on experience in previous years, but there is no guarantee that it is accurate. If further resource is needed it may impact on the plan. Conversely, if this amount is not required then it will be allocated to other specific audit tasks

Mae'r dudalen hon yn wag yn bwrpasol

# Eitem ar gyfer y Rhaglen 13



## GOVERNANCE AND AUDIT COMMITTEE

<b>Date of Meeting</b>	Wednesday, 10 <sup>th</sup> April 2024
<b>Report Subject</b>	Internal Audit Progress Report
<b>Report Author</b>	Internal Audit, Performance and Risk Manager
<b>Type of Report</b>	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

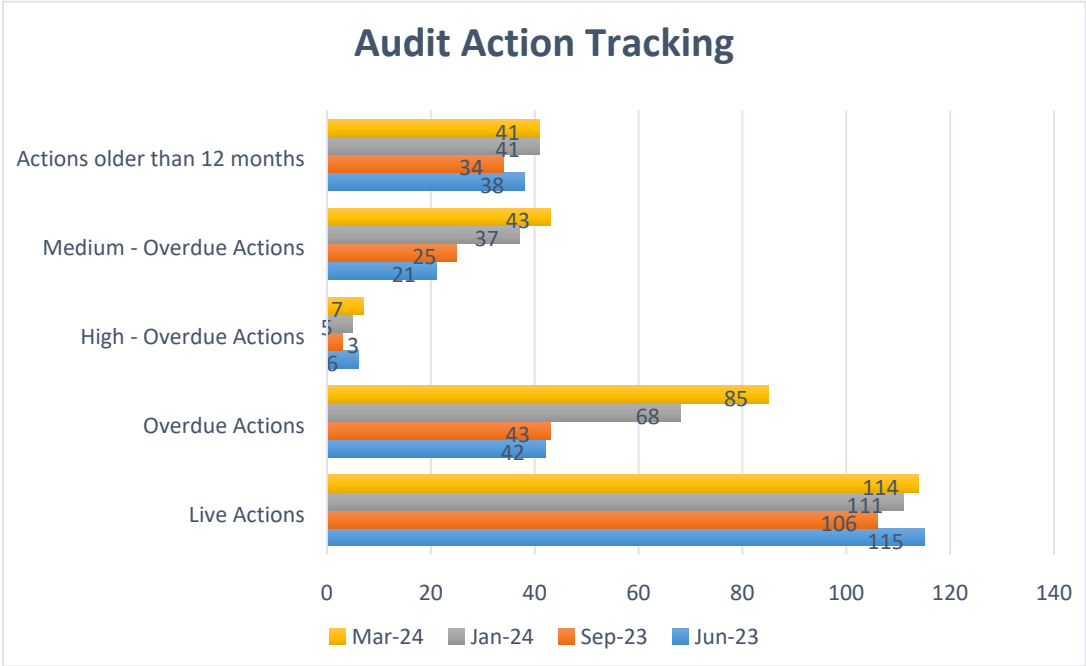
<b>1.00</b>	<b>EXPLAINING THE INTERNAL AUDIT PROGRESS REPORT</b>
1.01	Internal Audit gives a progress report to the Governance and Audit Committee every quarter as part of the usual reporting process. The report is divided into several parts.
1.02	The level of audit assurance for standard audit reviews 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 2023/24; 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 Since the last progress report to committee there has been two Amber Red / Some Assurance reports (Corporate Credit Cards and Declaration of Interests). Appendix D details the Amber Red reports. Copies of all final reports are available for members if they wish to see them.

1.05 Appendix E details the Red / Limited assurance report issue since the last committee meeting. This report relates to Deferred Charges and Management of Residential Care Liabilities for Social Service. This appendix provides detailed findings, management actions and a comprehensive update of the subsequent work undertaken by the service to address the issues. The Service Manager will also provide a further update at Committee.

1.06 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.

Below is a summary of audit actions tracked since April 2023.



Overall, the number of live actions remains relatively constant, however the number of overdue actions has increased during this reporting period, partly due to the financial year end being used as a due date. Further analysis of overdue actions is detailed in Appendix F.

Following discussions at the Governance and Audit Committee Self-Assessment workshop, Appendix G now only shows those High priority actions which are overdue and Appendix H lists those High priority actions that are older than six months from the original due date and not overdue.

1.07 Appendix I shows the status of current investigations into alleged fraud, irregularities or concerns raised. There are no ongoing investigations at this time.

1.08	<p>Appendix J shows the range of performance indicators for the department.</p> <p>Overall performance remains positive within the team. There are two PIs off target.</p> <ul style="list-style-type: none"> <li>• Days from end of fieldwork to debrief meeting.</li> <li>• Number of client questionnaires returned.</li> </ul>
1.09	<p>Appendix K shows the current position for the 2023/24 Audit Plans, the 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. Since the last report to committee, the plan has needed to be updated to defer some audits due to a reduction in resources due to vacancy. Movement within the plan is detailed within Appendix J however in summary the following changes have been made:</p> <p><b>Deferred Audits</b></p> <ul style="list-style-type: none"> <li>• Section 106 Agreements</li> <li>• Consultancy Support - Voice of One Child</li> <li>• In House Children's Home - Ty Nyth</li> <li>• Assets Infrastructure (CiPFA Code)</li> </ul>

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	None.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	None required.

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

<b>5.00</b>	<b>APPENDICES</b>
5.01	<p>Appendix A Levels of Audit Assurance</p> <p>Appendix B Final Reports Issued</p> <p>Appendix C Audit Assurance Summary 2023/24</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</p>

	<p>overdue</p> <p>Appendix I Investigation Update</p> <p>Appendix J Performance Indicators</p> <p>Appendix K Operational Plan and 2023/24</p>
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<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p><b>Contact Officer:</b> Lisa Brownbill, Internal Audit, Performance and Risk Manager</p> <p><b>Telephone:</b> 01352 702231</p> <p><b>E-mail:</b> <a href="mailto:Lisa.brownbill@flintshire.gov.uk">Lisa.brownbill@flintshire.gov.uk</a></p>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Audit Wales:</b> 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><b>Corporate Governance:</b> 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><b>Operational Plan:</b> the annual plan of work for the Internal Audit team.</p>

# Flintshire Internal Audit

Progress Report



April 2024

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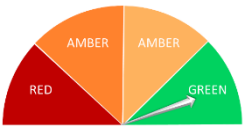
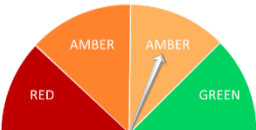
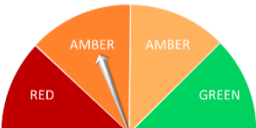
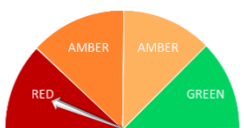
Levels of Audit Assurance – Standard Audit Reports.....	Appendix A
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# Levels of Assurance – Standard Audit Reports

# Appendix A

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;"><b>Green – Substantial</b></p> 	<p><b>Strong controls in place (all or most of the following)</b></p> <ul style="list-style-type: none"> <li>• Key controls exist and are applied consistently and effectively</li> <li>• Objectives achieved in a pragmatic and cost effective manner</li> <li>• Compliance with relevant regulations and procedures</li> <li>• Assets safeguarded</li> <li>• Information reliable</li> </ul> <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><b>Follow Up Audit:</b> 85%+ of actions have been implemented. All high priority actions have been implemented.</p>
<p style="text-align: center;"><b>Amber Green – Reasonable</b></p> 	<p><b>Key Controls in place but some fine tuning required (one or more of the following)</b></p> <ul style="list-style-type: none"> <li>• Key controls exist but there are weaknesses and / or inconsistencies in application though no evidence of any significant impact</li> <li>• Some refinement or addition of controls would enhance the control environment</li> <li>• Key objectives could be better achieved with some relatively minor adjustments</li> </ul> <p>Conclusion: key controls generally operating effectively.</p> <p><b>Follow Up Audit:</b> 51-85% of actions have been implemented. All high priority actions have been implemented.</p>
<p style="text-align: center;"><b>Amber Red – Some</b></p> 	<p><b>Significant improvement in control environment required (one or more of the following)</b></p> <ul style="list-style-type: none"> <li>• Key controls exist but fail to address all risks identified and / or are not applied consistently and effectively</li> <li>• Evidence of (or the potential for) financial / other loss</li> <li>• Key management information exists but is unreliable</li> <li>• System / process objectives are not being met, or are being met at an unnecessary cost or use of resources.</li> </ul> <p>Conclusion: key controls are generally inadequate or ineffective.</p> <p><b>Follow Up Audits -</b> 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;"><b>Red – Limited</b></p> 	<p><b>Urgent system revision required (one or more of the following)</b></p> <ul style="list-style-type: none"> <li>• Key controls are absent or rarely applied</li> <li>• Evidence of (or the potential for) significant financial / other losses</li> <li>• Key management information does not exist</li> <li>• System / process objectives are not being met, or are being met at a significant and unnecessary cost or use of resources.</li> </ul> <p>Conclusion: a lack of adequate or effective controls.</p> <p><b>Follow Up Audit -</b> &lt;30% of actions have been implemented. Unsatisfactory progress has been made on the implementation of high priority actions.</p>
<p><b>Categorisation of Actions</b></p>	<p>Actions are prioritised as High, Medium or Low to reflect our assessment of risk associated with the control weaknesses</p>
<p><b>Value for Money</b></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
30-2023/24	P&R	Corporate Grants (replacement of AW work)	Grant	Grant	0	0	0
08-2023/24	P&R	Corporate Credit Cards	Risk Based	Amber Red	4	0	0
02-2023/24	GOV	Declaration of Interests	Risk Based	Amber Red	1	2	0
14-2023/24	SS	Deferred Charges and Management of Residential Care Liabilities	Risk Based	Red	5	3	0

# Audit Assurance Summary for 2023/24

# Appendix C

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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		1			1	2	1	1	2	4
Education & Youth		1	2		2	5		7	6	13
Governance		1			2	3	1	2		3
Housing & Community			1		1	2		1	1	2
People & Resources		2	2	1	1	6	9	5	7	21
Planning, Environment & Economy			1			1		1	1	2
Social Services	1					1	5	3		8
Streetscene & Transportation										
Cross Cutting Portfolio's										
External			1		2	3		1	2	3
<b>Total</b>	<b>1</b>	<b>5</b>	<b>7</b>	<b>1</b>	<b>9</b>	<b>23</b>	<b>16</b>	<b>21</b>	<b>19</b>	<b>56</b>

Footnote:	
<b>Red Assurance:</b>	Deferred Charges and Management of Residential Care Liabilities
<b>Amber Red Assurance:</b>	School Funding - Ty Ffynnon School; Strategic Core Funding; Disclosure & Barring Service (DBS) Checks; Declaration of Interests; and Corporate Credit Cards

Corporate Credit Cards – People and Resources (Finance) –08 –2023/24

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Background						
<p>The Council has a Corporate Credit card guidance and procedure 2019 in place. Based on data supplied as part of this audit, there are currently forty-four active corporate credit cards in use assigned to specific cardholders. Corporate Credit cards are issued on the basis of an authorised business case. The cardholder should use the card in line with policy and procedure.</p> <p>Card statements are received by Accounts Payable (28th of each month) Spend is allocated to holding code and payment should be processed by 11th of month to avoid charge/penalty. Portfolio/service accountants liaise with the cardholder/service to obtain receipts to reconcile VAT and spend which is journalled out to relevant ledger codes.</p> <p>Since 2020 the Council has spent the following via the corporate credit cards over the calendar year</p>						
	<b>2020 (from 06/01/2020)</b>	<b>2021</b>	<b>2022</b>	<b>2023 (up to 31/05/2023)</b>	<b>Input Error – Date Unclear</b>	<b>TOTAL</b>
	£ 172,567.24	£ 258,938.75	£ 276,996.50	£ 140,360.91	£ 5,641.34	£ 854,504.74
<p>The audit considered the adequacy and effectiveness of the controls in place. We tested:</p> <ul style="list-style-type: none"> <li>• Authorisation of card / cancellation of card</li> <li>• Corporate credit card spend (calendar years 06/01/2020 - 31/05/2023)</li> <li>• Reconciliation to receipts</li> <li>• Controls in place to ensure visibility of credit card spend in usual budget monitoring</li> <li>• Controls in place to ensure effectiveness of management reporting</li> <li>• Controls in place to ensure effectiveness of scrutiny and challenge</li> </ul>						
Areas Managed Well						
<ul style="list-style-type: none"> <li>• Corporate credit cards are issued with appropriate documentation and sign off – however a specific finding is identified</li> <li>• Cardholder spending is appropriate / complies with policy or guidance / is in line with VAT– however a specific finding is identified</li> <li>• Cardholder spending is supported by receipts – however a specific finding is identified</li> <li>• Process to cancel cards for staff who have left is effective</li> </ul>						
Areas Identified for Further Improvement and Action Plan						
<p>Opportunities for improvement to the control environment have been identified to ensure compliance is maximised. The service area has provided a comprehensive action plan which contains the agreed actions, responsible officer, and individual due dates to address the areas listed below.</p>						

### Breadth of Policy

The 2019 Flintshire County Council's Corporate Credit Card guidance states "is intended for valid Flintshire expenditure only and relates to such purchases as, train tickets, hotel bookings, certain internet purchases and some hospitality. The corporate card is accepted in over 843,000 outlets in the UK wherever the VISA sign is visible. The card is intended for flexibility." It also states "Purchases must be made in accordance with the Financial Procedure Rules and Corporate cards **must not** be used to circumvent the official procedures of ordering and procuring goods and services i.e., the P2P process"

The process identifies cardholder and accountant's responsibility, however there are no escalation processes or controls defined to tackle non-compliance which could help enforce these expectations. Credit card spend is different from other spend by the Council in that once card is issued nil further 'authorisation' of payments is mandated. We noted the following from the testing:

- Reliance is on the cardholder to exercise control over whether the card should be used rather than the P2P system or via petty cash or expenses systems - transactions indicate repeated purchases from known suppliers, very low-level cost purchases or items which could have been purchased personally and claimed back via expenses.
- The actions around 'challenging' and reviewing receipts and journaling to ledger codes are retrospective and administrative as the purchase has already been made.
- Instances of non-compliance / lack of receipts / were not effectively challenged, were not escalated and did not prevent the holding account from being cleared.
- Theatr Clwyd is no longer a part of the Council and references to it remain in the procedure.

Credit card spend is difficult to control. The Council has an opportunity to address the breath and opportunity offered by a corporate card and in particular to be clear as to enforcing the sanction where procedure is breached.

### **Agreed Management Actions: URN 03592**

- Accounts Payable will review the corporate credit card policy to ensure it remains fit for purpose. The revised policy will link to the roll out of purchasing cards across the Council. **(AP Due Date 30/04/24)**
- Accounts Payable will seek to strengthen the controls around oversight of spend as well as escalation and reporting of non-compliance and enforcing sanctions as defined in the policy. These actions are listed in the other findings. **(AP Due Date 30/04/24)**

### School Use

Three cardholders were identified as being part of a school. Data received identified:

CARD	2020 (from 06/01/2020)	2021	2022	2023 (up to 31/05/2023)	Input error unclear date	TOTAL
(105)			£4,662.06	£11,673.79	£152.16	£16,488.01
(103)			£6,193.23	£9,390.47	£46.14	£15,629.84
(81)	£19,100.12	£36,746.27	£64,976.82	£17,313.32	£632.69	£138,769.22
TOTAL	£19,100.12	£36,746.27	£75,832.11	£38,377.58	£830.99	£170,887.07

We queried this with E&Y, reviewed the business cases, authorisations and undertook high level analysis of the transactions.

Testing identified the following which we have raised with E&Y Finance. The nature of spend had not been reviewed in specific detail in this audit but the full dataset has been provided to E&Y.

- Cardholder #81 is the top spender across the Council (£138k across the timeframe tested)

- Policy/procedure for having access to a corporate card is inconsistent across all school.
- The E&Y team were not aware any of the cards were in use.
- E&Y are not part of authorisation process for issuing cards to schools or withdrawal decisions.
- It is unclear what oversight / sign off / reconciliation or challenge role is in place at the school or within E&Y, in particular E&Y do not review receipts.
- Statements go directly to the school.
- It is unclear what control is in place re VAT.
- It is unclear how this spend is reflected in school budget monitoring.
- Application forms were completed for each of the school cardholders.
- Only one business case was available for review. However, the cardholder has taken the card for use at a different school (not part of original business case)
- One school closed (cardholder #105) in June 2016 and was replaced by another school (cardholder #81) in September 2016
- Since 2022, the spend for cardholder #81 relates to a different school as the cardholder took the card with her when she moved schools.

There is a risk E&Y are not aware of these schools using a corporate card and that none of the associated controls to ensure spend is effectively challenged and reconciled are in place via the current corporate policy.

#### **Agreed Management Actions: URN 03593**

- Account Payable records to be amended to ensure spend is accurate to the school where the card is held (#81) **(AP Due Date 01/03/24)**
- Education Finance will present these findings to E&Y DMT **(EY Finance Due Date 12/02/24)**
- Education Finance will contact the three schools to advise that the portfolio is reviewing its policy on corporate credit card use. **(EY Finance Due Date 30/03/24)**
- Education Finance will define an E&Y policy for all school's access to a corporate credit card. If corporate credit cards are to be made available across schools the following controls will be in place:
  - Approval for a corporate card will require E&Y Finance authorisation.
  - Clarity around expected controls around segregation of duties, reviewing receipts, oversight of spend, and reconciliation / journals.
  - The role of E&Y Finance will be defined **(EY Finance Due Date 30/03/24)**

#### **Addressing non-compliance & enforcing control expectations**

Finance highlighted a specific area of non-compliance at the point of scoping for this audit. This concerned the lack of receipts under cardholder #93 since Oct 2022, continuing into 23/24, including an estimated issue of £7,500 in VAT. This spend primarily related to the increased provision of emergency accommodation within the homelessness team. This was the second highest area of spend across the Council for the time period tested.

2020 (from 06/01/2020)	2021	2022	2023 (up to 31/05/2023)	input error unclear date	Total
£ 2,485.00	£ 51,904.00	£ 48,873.86	£ 25,617.99	£ 634.40	£ 129,515.25

Testing identified:

- The card limit was increased twice with the necessary approval.
- Additional corporate cards had been requested and approved across the team.
- The issue was discussed at the Special Practitioners Group in April 2023.

Finance confirmed in November 2023 that all of this year's corporate card evidence has now been provided and that a retrospective VAT claim can be made.

The audit report is not suggesting that this spend was inappropriate and we note management had to respond to the pressure being faced by the service.

However, the report does highlight the risk that whilst Finance and AP were aware of the non-compliance from October 2022, and discussion was held at the Special Practitioners group, these challenge processes were not sufficient to resolve the lack of receipts until the internal audit was in progress. This indicates opportunity to improve the current control framework.

Spend across that timeframe was cleared from the holding accounts in response to the pressure reported by the service, however no reporting was formally provided by AP/Finance to escalate / highlight the risk; in particular to accompany the requests to increase the card limits or numbers of cards.

Management advise this pressure will continue into 24/25, and it may be prudent to review whether the corporate credit card is the most appropriate way of continuing to meet this need.

#### **Agreed Management Actions: URN 03594**

- Finance will introduce an escalation and reporting process to highlight non-compliance risks to senior management:
  - One of the key risk indicators will be where spend has had to be cleared from the card account without provision of timely receipts.
  - Non-compliance will be reported to COT as part of the quarterly Finance Procedural Rules (FPRs) 'breaches' report. The first report will be 30/05/2024.
  - The relevant CO will be required to authorise continued use of the corporate card. **(Finance Due Date 30/4/24)**
- Where requests are received for additional cards / increases to limits – issues of non-compliance will be part of the decision-making process. **(Finance Due Date 30/4/24)**

#### **Management Reporting**

Receipts help accountants discharge their responsibility to challenge validity of spend in good time and help management to evidence that spend is in line with their statutory obligations.

We reviewed the data provided by AP selected samples for testing across the service areas. Accountants were able to provide evidence of receipts and journals. We would note the following:

- Low level of transaction - 1262 Transactions under £20.00 – with the smallest being £0.58 at Tesco
- Regular use of card at supermarkets amounting to £20,337.53 with one transaction at the Spar for £1.10
- Retail spending at what can be perceived as high-risk e.g., £480.75 across Primark, £3,361 at Next, £60.74 at Foot Asylum, £140.60 at River Island, £464.61 at Boots – these seem to relate to provision of clothing for job applicants.
- Regular internet purchases including £673 at Facebook,
- Purchases at Trainline (£13,019.63) where there is a corporate booking process prescribed.
- Payments of £2,297.44 to Flintshire County Council

AP and Finance operate as the second line of defence in this process. This report raises control issues around challenge / scrutiny / escalation actions.

AP receive the credit card statements and manually log each transaction on a spreadsheet to provide to the accountants for reconciliation and raising journals. Spend is recorded on each tab by month and the summary tables are manually populated rather than with any formulae. This makes any overall analysis difficult; audit has to combine a large number of spreadsheets in order to review and analyse spend. Recording transactions is a time-consuming activity and is open to errors - testing identified inconsistent dates, amounts and supplier names.

Once the spend is journalled to the relevant budget line, and holding accounts are cleared the fact that the credit card was used becomes less visible as part of the services regular budget monitoring.

Spend via the corporate card can carry high reputational risk for the Council. The lack of consistent analysis may mean the Council does not take corrective action to enhance the control environment, secure economies of scale or preferential rates and evidence value for money or compliance with other policies. In this current financial climate being alert to opportunities to manage any potential overspending is important.

**Agreed Management Actions: URN 03604**

- Unfortunately, electronic credit card statements are not available so the production of monthly spreadsheets will need to continue for now. These spreadsheets are also used for FoI requests. The monthly spreadsheets will be used to provide better insights.
- Accounts Payable will review the overall patterns of spend each month to ensure broad compliance with the expectations of the corporate credit card policy.
- We will also provide these monthly spreadsheets to Finance – this will enable accountants to have oversight and take more detailed action to support cardholders to use other purchasing systems rather than the corporate card, secure potential economies of scale and value for money. This will also provide insight into any non-compliance which needs to be escalated (see URN 03594)
- The purchasing cards system will provide data electronically once in place. It is anticipated the purchasing cards will be in place from September 2024. **(AP Due Date 30/4/24)**



## Registration and Declaration of Interests – Governance – 02 –2023/24

### Background

The Registration and Declaration of Interests audit was requested by Governance & Audit Committee to provide assurance officers are complying with established processes and conflicts are appropriately managed.

Officers of the Council must not allow their private interest to conflict with their public duty and should not use their position or acquire information through their employment which would benefit their private interest or those of others. The Code of Conduct has defined an interest as when a reasonable person would perceive a conflict between the employees' private interests and the work the employee does for the Council.

There are three key processes established by the Council to ensure Officers act appropriately, where their personal interests coincide with the work they undertake for the Council. These three processes are:

- Officers' Registration of Interests (ROI) which is voluntary and applies to very senior officers only (see below)
- Officers' Declaration of Conflict of Interests (DCI) which applies to all officers
- Officers' record of Gifts and Hospitality which applies to all officers

Expectations for compliance with these three processes depends on the role of the officer within the Council. The Guidance for i) Officer's Registration of Interest (ROI), ii) Declarations of Conflict of Interest (DCI) and (iii) Gifts and Hospitality is in place to highlight such interests and any consequential working arrangements to address the conflict.

- Chief Officers, those managers reporting directly to them and employees with delegated powers are asked to voluntarily register their personal interests within the Officers' Registration of Interests. The Guidance for Officer's Registration of Interests, states that upon appointment to one of these designated roles, or within 28 days of appointment, the relevant Officer must complete a form to declare any interests and submit this form to their Chief Officer or the Chief Executive. These declarations should be renewed annually. These Officers must also ensure that any interests that subsequently arise, are registered within 28 days of that interest arising, by completing and then submitting a further form, and must review their register of interests annually.
- The Employee's Code of Conduct requires officers to declare interests where an employee has a personal interest which could be perceived to be a conflict between the officer's personal interests and the work they do for the Council. This applies to all employees. In those instances, an Officer's Declaration of Conflict of Interest Form should be completed and submitted to the line manager for assessment and actions to be taken if necessary. The system is also used to record any declarations of interest by an employee in any contract with the Council as required by section 117 Local Government Act 1972.
- All gifts and hospitality received by officers should be recorded within the Gifts and Hospitality promptly.

The audit considered the adequacy and effectiveness of the controls to ensuring compliance with established processes relating to the register and declarations of interest. Focus was placed on:

- The process and guidance established to oversee and manage risks raised through the Officers' Registration of Interests and the Officers' Declaration of Conflict of Interests.
- Controls in place to demonstrate adherence to set process.
- Adequacy and completeness of the Declarations Live Database.

The process to oversee Gifts and Hospitality did not form part of this review. The process for Members was also not part of the scope.

### Areas Managed Well

- The process to registration of interests (ROI) and declare conflicts of interest (DCI) was digitised in 2020 following the 2019 advisory work undertaken by Internal Audit.
- The Declarations Live Database is available on the Council's Infonet.
- Guidance has been established to advise officers when the Officers' Registration of Interests (ROI) and Officers' Declaration of Conflict of Interests (DCI) should be used.
- The requirements to register such interests is detailed within the Officers Code of Conduct, which is available alongside the Declarations Live Database.
- The Chief Officer, Governance and Legal Services Manager has access to the ROI and DCI Admin Dashboard providing oversight on all declarations in the system.

### Areas Identified for Further Improvement and Action Plan

Opportunities for improvement to the control environment have been identified to ensure compliance is maximised. The service area has provided a comprehensive action plan which contains the agreed actions, responsible officer, and individual due dates to address the areas listed below.

#### **Non-Compliance with Established Registration (ROI) and Declaration of Conflict of Interests (DCI) Processes**

We reviewed both the Registration of Interest (ROI) and Declaration of Conflict Interest (DCI) records held on 24/4/23. The review also considered whether the incorrect register had been completed in error. Testing identified:

#### **ROI (applies to senior officers and voluntary):**

- There were eleven ROI records in the Declarations Live database of which six were current and submitted within the last 12 months.
- Two Chief Officers had completed their ROIs, one current and one expired.

#### **DCI (applies to all officers):**

- Forms were available for all Chief Officers dating back to 2020 however only four were submitted within the last 12 months.
- In total 65 DCI records were in the Declarations Live Database, this includes four nil returns.
- Despite training having been provided on the system when it was introduced, examination of the interested recorded within the DCI suggests that the entries should have recorded on the ROI instead.

Based on the findings:

- There appears to be some confusion over which part of the Declarations Live Database should be used for which purpose by the Chief Officers, their direct reports or those with delegated responsibility.
- The ROI is voluntary and therefore completion cannot be used to determine compliance.
- Whilst officers must complete the DCI if they have a conflict of interest, NIL returns are not required, as a consequence it cannot be determined if there is full

compliance with the guidance.

- Regular monitoring by COs is not currently undertaken.
- We were, and always will be, unable to identify reporting of compliance / completion rates across the portfolios because:
  - The ROI must be voluntary and therefore officers are not obliged to complete it; and
  - It is not possible to know whether there is something within an officer's private life that might conflict with their work duties unless that is revealed by the officer in question or unless evidence comes to light

There is a risk officers may not be compliant due to the current process, system and a lack of requirement to submit a NIL return (DCI). This could ultimately leave officers and the Council open to allegations of conflict of interest if identified later.

**Agreed Management Actions: URN 3545**

Revise guidance notes to clarify which part of the system to use and repeat training on how to use the system by visiting each Chief Officer's Senior Management Team meeting. **Due Date 29.02.2024 – Implemented**

**Guidance available is Inconsistent**

Guidance notes on the Declarations Live Database sets out the expectations of officers as to when an ROIs and DCIs is completed. The Officer's Code of Conduct stipulates the completion of an ROI is voluntary but the guidance on the Declarations Live database states the ROI is mandatory. The Chief Officer, Governance has confirmed the completion of the ROIs is voluntary.

Terminology utilised in the Declarations Live database and the guidance is not aligned (i.e. the guidance refers to Officers' Declaration of Interests Form yet it appears on the database as Record Conflict of Interest).

The guidance for completing ROIs and DCI is available on the Infonet and within the Declarations Live Database. This guidance doesn't give the end user detailed instructions on the completion of the ROIs and DCIs. Prior to introducing the system, the Chief Officer, Governance tested the guidance and the system with a sample of officers who felt it was self-explanatory and intuitive. However, based on the review findings it does not appear that all officers find it so.

The Chief Officer, Governance advised as part of the roll out of the Declaration Live database, that he attended each Chief Officers' Senior Manager Meetings to provide an overview of the database and advise of roles and responsibilities in relation to the process. He also explained when to use each part of the system (ROI, DOI and gifts) and demonstrated how to complete them.

Each Chief Officer is responsible to ensure adherence to established processes within their respective portfolios. There is evidence that most register entries system took place during 2020 when the system / process was first launched.

Within the guidance there are examples of interests that could be recorded in the DCI however no are examples listed for the ROI. Based on the nature of the declarations examined within the DCI (some of which should have been recorded in the ROI) it would suggest the current guidance is causing some confusion or there remains a lack of understanding by officers.

**Agreed Management Action : URN 3544**

Amend all guidance to make clear that completion of the ROI is voluntary. Other points addressed by the actions in URN 3545. **Due Date 29.02.2024 – Implemented.**

### **Database functionality could be enhanced**

The Declarations Live Database was implemented in 2020 with a view to digitise the ROI and DCI processes whilst enhancing controls and compliance. A review of the database functionality was completed as part of the audit.

The following issues were identified through testing:

- Automatic reminders are not in place to alert when a ROI revision date has lapsed. This was expected to be a Version 2 development which was due to take place last year but has been delayed.
- There is no functionality in place to remove/delete any ROIs or DCIs to comply with GDPR.
- Management is only able to see their direct reports as opposed to their whole service area or portfolio. Greater visibility of the register would assist managers in understanding any conflicts within their service and enable monitoring of completion in accordance with guidance.
- Reminders are not sent when the DCI forms are at various stages of the process awaiting review/action
- Although managers have a dashboard that enables them to see the current status of each entry on the system within their areas:
  - There is no functionality behind the ROI forms to forward these to managers for review and approval. Logic has only been built for the DCI form;
  - There is no functionality within the database to identify those officers who choose not to complete an ROI; and
  - Some cases have been 'in process' since August/September 2020.

The current functionality of the Declarations Live Database does not allow Chief Officer / Service Managers to have oversight of the risks of conflicts and compliance with guidance within the portfolios / service and does not comply with GDPR requirements.

### **Agreed Management Actions: URN 3546**

The following changes to be made to the functionality of the system

Annual reminders; Archiving of expired entries; Ability to delete incorrect entries; Chief officers (can see) and service managers to be able to see all entries in their area; ROI's to be sent to managers for review and approval; and Reminders to be generated when an action remains outstanding. **Due Date 30 July 2024.** Annual reminders are now in place. The remaining system developments will be actioned between May and July 2024.

## Social Services – Deferred Charges and Management of Residential Care Liabilities – 14-2023/24

### Background:

The Residential Care Management of Asset Values audit was carried out as part of the Internal Audit Strategic Plan for 2022/23 which was agreed with Chief Officers and approved by the Council’s Governance and Audit Committee.

To comply with the Social Services and Well-being (Wales) Act 2014, Local authorities must offer a deferred payment agreement to people going into residential care who meet its eligibility criteria and who have been assessed by Social Services requiring residential or nursing care. In some instances, the individual going into care may want to delay paying for some or all of their care costs until a later date, so they don’t have to sell their property as soon as they go into the care home. This payment is deferred and not written off. The costs must be repaid by the person entering the care home or by a third party on their behalf.

Under a deferred payment agreement, local authorities are able to recover any costs associated with deferring a person’s care costs and to cover the financial risks associated with lending. A charge is placed against the property/assets which the individual going into care has a stake in. The ranking and priority of that charge should take priority any other interest or charge on the property.

The deferred payment agreement can be terminated in three ways:

- At any time by the person repaying the outstanding care costs in full, including any outstanding interest and administrative costs;
- When the property is sold and the authority is repaid; or
- When the person passes away and the amount is repaid to the local authority from their estate.

Residential care spend is significant for all local authorities. At Flintshire County Council (Flintshire) the two weekly CIS payment run report on 28/5/23 identified

CIS payment run	RESIDENTIAL (Long Term)	NURSING (Long Term)	RESIDENTIAL (Short Term)	NURSING (Short Term)	Total
Payments	£630,267.91	£267,137.05	£68,396.16	£2457.62	£968,258.74

Some of these payments represent long-term loans to eligible service users to cover the costs of their care. The process by which these costs are deferred and recovered is a specific risk which requires mitigation. Flintshire’s ability to recover against these loans is dependent on effective controls around accuracy of the population; timely and accurate understanding of debt landscape; securing Deferred Payment Agreements; effectiveness of legal charge; quality of monitoring and effectiveness of debt pursuance.

A deferred payment scheme is a legal arrangement with Flintshire. It lets a service user use the value of their home to help defer payments for long term residential care to a later date. A legal charge is secured against the property and is removed once the debt is paid. A service user must request a

deferred payment agreement (DPA) it cannot be forced upon them. Flintshire can approve, approve with discretion, or refuse an application in line with certain criteria. If the service user applies and qualifies, Flintshire should arrange a DPA to be in place following the 12-week disregard period.

After the 12-week disregard period it should be clear how the service user intends to manage their LT residential care costs – either immediate payment for their contribution or has applied and been approved for a DPA for costs to be deferred until property is sold or on death.

Where circumstances affect the ability of Flintshire to exercise any of these controls; commensurate escalation, decision making, and mitigating actions should be in place. Some of these decisions will be difficult and management need to balance the needs of the service user with the risk of financial loss.

The audit considered the adequacy of and adherence to policy and process and evaluated controls in place to ensure any monies owned to Flintshire incurred through provision of long-term residential care are recovered in line with current policy. Management also requested the audit review a sample of historic cases where challenges have been identified.

Accuracy of the financial assessment and accuracy of 'non-recoverable' long term residential costs did not form part of the scope of this audit. We were unable to test controls applied by the Deputyship team due to time constraints.

#### **Areas Managed Well:**

The Deferred Payment Scheme leaflet and Paying for Residential Care Information Leaflet is given to each service user. These align with statutory expectations, and outline eligibility criteria and conditions of deferred payment.

The three service users who have signed a deferred payment agreement had charges placed against the property.

#### **Summary Audit Findings and Conclusions:**

Testing has identified the established controls to be inadequate and/or ineffective to ensure all monies owned to the Council through the provision of long-term residential Care are recovered in line with the Deferred Payment Scheme.

Key findings were raised which relate to:

- management information not being available, analysed, or timely to assist with recovery activities and mitigate the risk of the Council not being able to recover its costs.
- The designated process to monitor and recover care costs was not complete, adequate and/or being adhered to.
- Charges placed against the properties did not take priority and/or stand up against challenge to facilitate debt recovery.

The audit resulted in a Red (Limited) assurance rating which requires urgent service revision to address the issues identified. Detailed findings and a Service update can be found below.

Detailed Audit Findings:

Tudalalen 375

Findings and Implications	Agreed Action	Who	When
<p><b>1R</b> <b><u>Management Dataset - Overall reliability / housekeeping (URN 3552)</u></b></p> <p>Accurate and timely management information helps ensure management's understanding and decision making is well informed. Management advise information around long term (LT) residential care service users is held in the three sources below.</p> <p>The <b>Property Debt Spreadsheet</b> (PD) - kept by the Financial Assessment Team (FACT). Management advise it identifies all recoverable property cases (72 at time of testing).</p> <p>Testing identified:</p> <ul style="list-style-type: none"> <li>• There are no spreadsheet controls/protections in place to prevent entries / amounts being amended or deleted.</li> <li>• Not all columns in the spreadsheet have been completed to show the progress of the case.</li> <li>• Key fields of the process including property charges are not captured.</li> <li>• There are several tabs on the spreadsheet. Two service users were recorded on more than one tab of the spreadsheet.</li> <li>• Information relating to DPA is inaccurate.</li> <li>• It is unclear when the spreadsheet was last updated.</li> </ul> <p>The <b>PARIS system</b> - holds information relating to each service user. Dates and evidence of property charges placed against the respective properties are captured under the notes and the charge registration field. The 'Current Properties with Charges' PDF report can be generated from PARIS. Testing identified:</p> <ul style="list-style-type: none"> <li>• The number of records on the PD does not reconcile with the Current Properties with Charges PDF report provided at the same time.</li> <li>• 15 discrepancies between the dates of charges captured on the PARIS system to those sampled with Legal as part of the testing.</li> </ul>	<p>We have allocated a Planning and Development Officer to work with FACT to implement actions which will mitigate the risks identified and improve working practices. A meeting has been held and a workflow plan has been agreed.</p> <p>A matrix of all the appropriate management information will be created by the end of January 2024, based on proposals made by the Internal Audit team.</p> <p>The matrix will allow for accurate and timely management information to be held in one place and visible to the Team Manager, Service Manager, and Senior Management Team.</p> <p>This will ensure full management understanding of deferred payments, the legal charges supporting them, the progress being made and identify any areas of concern quickly and all in one place.</p> <p>These changes will be woven into the implementation of the new FACT software system ContrOCC which will go live in April 24and will support with provision of data and the monitoring of deferred payment processes.</p>	<p>Jane Davies</p>	<p>31 May 2024</p>

Findings and Implications	Agreed Action	Who	When
<ul style="list-style-type: none"> <li>• A reconciliation between the datasets does not take place.</li> </ul> <p>The <b>Long Term Debt (LTD) report and LTD supporting spreadsheet</b> - holds data of outstanding debt. It is produced by the Debt Recovery team. Testing of the 17/1/23 document identified:</p> <ul style="list-style-type: none"> <li>• Two service users appear on the LTD report but do not appear on the PD.</li> <li>• Six service users appear on the PD as deceased but do not appear on the LTD report.</li> <li>• Neither service was aware of these discrepancies.</li> <li>• A reconciliation between the datasets does not take place.</li> </ul> <p>There is a risk these datasets are incomplete / inaccurate, and the lack of reconciliation between these may impact on the quality and reliability of the information being used by the service.</p>			
<p><b>2(R) <u>Long Term Residential care - recoverable costs – visibility (URN 3554)</u></b></p> <p>LT residential care costs represent a significant spend for all local authorities. Knowing which costs are recoverable and being assured that risks to Flintshire’s ability to recover are sufficiently mitigated is important. Accuracy of this population is a key control as is anytime, accurate and efficient monitoring of levels of outstanding debt/liability.</p> <p>We requested a list of all service users and payments who were in LT residential care funded by Flintshire to distinguish between recoverable and non-recoverable costs from source. Management provided the three sets of information referred to in Finding 1. We highlight general housekeeping and specific control issues with each of these datasets across this report.</p> <p>We reviewed the two weekly CIS report as an indication of spend (25/5/23). CIS lists all payments to providers for long term / short term residential or nursing care. (Table 2). Testing identified:</p> <ul style="list-style-type: none"> <li>• Recovery of LT residential care costs is not recorded as a risk on the risk register.</li> </ul>	<p>The matrix of information to address Risk 1 will also provide information to address Risk 2.</p> <p>The matrix of information will identify the levels of outstanding debt and liability and RAG rate the risks attached to the recovery of those long-term debts which will be implemented in January 2024.</p> <p>The matrix will distinguish between non-recoverable and recoverable costs as part of this process.</p> <p>It will also record the action plan to reduce that risk rating.</p> <p>We will also address the wider risk by</p>	Jane Davies	30 Nov 2024



Findings and Implications	Agreed Action	Who	When
<ul style="list-style-type: none"> <li>• LT Residential payments for a 2-week period amounted to £630,267.91.</li> <li>• The same budget code is used for all LT residential spend. Management has no means to efficiently distinguish between payments which are non-recoverable, and those which FCC will seek to recover apart from the PD.</li> <li>• We were able to match 35 service users on the CIS payment run to clients on the PD.</li> <li>• This represents £39k of costs which are 'recoverable' (Table 2).</li> <li>• LT Residential care costs are visible on a provider level, but unless specific and resource heavy analysis is undertaken, not for each service user.</li> <li>• Payment made for each service user is not reflected as a monthly debt/liability, invoiced via Accounts Receivable (AR), against which payment is to be deferred.</li> <li>• An invoice is only raised where circumstances change (property sold / service user deceased).</li> <li>• Calculation of service user costs is completed by FACT relying on data held in CIS/PARIS/PD rather than the ledger (actual spend).</li> <li>• Production of the statements and final invoice including accuracy of interest charged is based on management rather than financial data from source.</li> <li>• Seven service users appear on PD but are coded to LT Nursing Care on CIS.</li> </ul> <p>It is noted that these workarounds may result from the lack of functionality within PARIS but also the way in which service user deferred charge is not recorded in the ledger. The current process (and system) means management cannot extract information from the ledger to evidence a real time and accurate level of outstanding debt/liability which it is seeking to recover at both corporate and service user level.</p> <p>There is a risk Flintshire is unable to effectively quantify the population and</p>	<p>completing a policy review to evaluate the current operating model and approach including transfer of liability/ debt recovery and all associated implications. Revised policy to be presented to Cabinet for review and approval by November 2024.</p>		

Findings and Implications	Agreed Action	Who	When
<p>report levels of recoverable debt and this impacts on effectiveness of operational controls including regular reconciliation and budget monitoring.</p>			
<p><b>3(R) <u>Deferred Payment Agreement (URN 3551)</u></b></p> <p>Flintshire’s policy provides that <i>‘following the 12-week disregard period, should the service user have a property which has not met the property disregard criteria, the value of a property will be incorporated into the financial assessment calculation. This may result in the service user being required to contribute to the costs of the residential care. If they do not have the immediate funds to do so, they have the option of putting the property up for sale or enter into a Deferred Payment Agreement (DPA) with Flintshire’</i>. The policy also advises a DPA should be put in place in the event the service user chooses to delay the sale of the property until a later date.</p> <p>Management advise the PD, column ‘G’, states whether a DPA is in place, and column ‘I’ holds a date for DPA signed. Testing of the spreadsheet and supporting process identified:</p> <ul style="list-style-type: none"> <li>• The Financial Assessment form does not make any reference to the DPA process.</li> <li>• Nine of the 72 individuals on the PD are recorded as having a DPA.</li> <li>• On request for these agreements, management confirmed only three DPAs were in place and not nine.</li> <li>• Only two of these service users have dates populated in column I to show when the DPAs were signed.</li> <li>• Management information to explain how the remaining (69) intend to cover the cost of their care and how Flintshire interests are being sufficiently protected is limited.</li> </ul> <p><u>No DPA – service user intending to sell property.</u></p> <p>The established procedures stipulate that if no details are received on how the property is being marketed within 14 days of the letter being sent out by the FAO, the FACT manager will be contacted for guidance on what action to take next. The guidance states the insistence of the service user entering</p>	<p>Monthly FACT Specific Legal Surgeries have now been established with Blake Morgan Solicitors. The advice is being provided by a lawyer specialising in social care finance practice and is specific to the needs of FACT.</p> <p>Each Deferred Payment Agreement will be reviewed and through the Legal surgeries and where the effectiveness of the legal charge is in question, an alternative charge will be sought. This has begun and it has proven helpful for the service.</p> <p>Any identified areas of risk of non-payment will be reported upon monthly and escalated as required.</p> <p>Training will be provided to all Financial Assessment Officers involved in the work to ensure correct agreements and charges are in place going forward.</p> <p>Review current policy and ensure alignment to required practices. Review of matrix will assist with lessons learned whilst identifying the required revisions to the current policy.</p>	Jane Davies	30 Nov 2024

Findings and Implications	Agreed Action	Who	When
<p>a DPA will be the norm rather than the exception. We are unable to evidence the use of a DPA with this population as a 'bridging loan' which will allow time to sell property to pay care fees but also protect Flintshire's interests.</p> <p><u>No DPA – service user insufficient capacity to sign</u></p> <p>Legal advised a service user does not need to give permission for a charge to be raised e.g., where a service user's property has not been disregarded but they do not have capacity to enter into an agreement. Where a person lacks capacity either the person's family or Flintshire take steps to help secure a power of attorney / court of protection after which a DPA should be signed. Due to time constraints, we have not reviewed the Deputyship process.</p> <p><u>No DPA – Flintshire refuse DPA / service user ineligible / property can't be disregarded service user refuses to sell or sign</u></p> <p>It is for Flintshire to decide whether to agree or refuse an application for a DPA. Flintshire can never force a DPA on a service user (and can still raise a legal charge). Management advised none have been refused to date. It is unclear how many service users have applied for a DPA however, only 3 have been signed.</p> <p>The DPA is a legal agreement which provides enforceable assurance the service user accepts the terms of this long-term loan. It strengthens Flintshire's position when pursuing debt, ensures the property is not subsequently occupied by family or tenants and the asset is kept in a good state of repair to ensure the value is adequate to secure the debt. It also provides for additional fees to be charged including compound accrued interest / administration fees as well as other legal costs which may eventually apply. Where a DPA is not in place the service user is at financial advantage of securing an interest free long-term loan from Flintshire. We are unable to evidence, where services users have been offered a DPA but refused to apply, how the risk to recovery is being proactively managed.</p> <p>Continuing to pay for service users where Flintshire is unable to sufficiently recover via a DPA, or where effectiveness of legal charge raised may be an</p>			

Findings and Implications	Agreed Action	Who	When
<p>issue; represents higher risk (Table 1).</p> <p>We report on the effectiveness of type of charge it is possible to raise in these circumstances to protect Flintshire's interests and the policy on how Flintshire will respond where it is unable to sufficiently secure recovery needs to be defined.</p> <p>There is a risk of non-compliance with current procedure. Current process does not evidence assurance that the risk of non-recovery is sufficiently managed where a DPA is not in place. The procedure where Flintshire refuses a DPA is not clearly defined.</p>			
<p><b>4(R) <u>Week 13 Day 1 risk escalation &amp; decision-making process (URN3556)</u></b></p> <p>Week 13 day 1 represents Flintshire's liability for LT residential costs with the provider on behalf of the service user. Ideally a DPA and/or charge will already be in place to mitigate by this date. Understanding when these mitigations are not/not yet/never will be in place and taking effective decisions to manage/escalate the risk is important.</p> <p>It is understood Flintshire has a duty of care to support its citizens. Flintshire currently will continue to pay for these LT residential costs until the property is sold or service user death. Management advise conversations are had with the service user and/or their representative and updated in the service users' Paris record. Meetings / conversations with specialists in legal and debt recovery are on an ad hoc basis.</p> <p>Internet research identified other local authorities and 3<sup>rd</sup> sector guidance highlighting the risk that <i>"If your property is not sold during the 12-week property disregard period and you do not want, or are refused, a deferred payment agreement, it is likely the authority's contract with the care home will end"</i>.</p> <p>Management has confirmed liability for LT residential care costs (from week 13 day 1) is not transferred to the service user under <i>any</i> circumstance during the time of their stay in a care home. It is seen as policy that the risk to Flintshire's recovery is overridden by the need to support the service user and that payments will continue.</p>	<p>The monthly Legal Surgeries, the matrix management of information and the initial monthly reporting of Deferred Payments to senior management, will provide early sight of risk areas and monitoring of performance of risk management of existing debts – as detailed above,</p> <p>We will also address the wider risk by completing a policy review to evaluate the current operating model and approach, including decision making at week 13 day 1 and its implications. Revised policy to be presented to Cabinet for review and approval by November 2024.</p>	Jane Davies	30 Nov 2024

Findings and Implications	Agreed Action	Who	When
<p>Testing identified:</p> <ul style="list-style-type: none"> <li>• Nine cases on the property debt spreadsheet do not appear on the property charges PDF from Paris.</li> <li>• Six of these also do not have a DPA in place.</li> <li>• We identified payments for two of these service users on the most recent CIS payment run 28/5/23. According to the property debt spreadsheet ST00943A has been an asset since 5/10/21. There is no asset detail available for ST00315A.</li> <li>• Management information re case management / action plan to resolve is insufficient including specialist legal advice or reporting to senior management.</li> </ul> <p>The role of internal audit is not to suggest payments for care should cease. This finding raises the need for risk management - that the policy of continued payments where risk to recovery is highest should be discussed and approved, and the process for escalation of these high-risk cases should be defined and decision making at an appropriate level is evidenced. Decisions should be reported, and impacts reflected in line with corporate risk management practice.</p> <p>The risk of financial loss to Flintshire increases with these types of cases, especially if not consistently highlighted and managed commensurately including escalation, reporting, and securing specialist advice.</p>			
<p><b>5(R) Debt pursuance, recovery and write off (URN3555)</b></p> <p>The team manager for Collections and Enforcement within the Debt Recovery Team has advised all pursuance and recovery across Flintshire is undertaken in line with the Corporate Debt and Fair Debt policies. At time of testing the LTD 17.01.23 reported debt outstanding as £1,301,566.28. LTD makes up approximately 55% of the total Social Services Debt and amounted to £1.4 million as of January 2023.</p> <p>Management do not view payments for LT residential care as debt reflected in AR on a regular basis against which payment is to be deferred. Instead, an</p>	<p>Internal Audit will provide a copy of this report to Debt Recover.</p> <p>Invite Debt Recovery to the Legal Surgeries in order that the recovery charge and process could be understood and recovery action agreed.</p> <p>As part of this process any debts which may require write off will be identified and reported appropriately to finance</p>	Jane Davies	30 Nov 2024

Findings and Implications	Agreed Action	Who	When
<p>invoice is raised by the FACT team once circumstances change i.e., the property is sold, or the service user passes away.</p> <p>These cases are tagged as 'Long Term Debt Hold'. The team manager for Collections and Enforcement assumes that a suitable charge has been placed against the service user's property and income will be eventually received. However, because it is 'Long Term Debt Hold', the debt is not pursued in line with the standard corporate debt recovery policy (30/60/90 days).</p> <p>A quarterly Long-Term Debt (LTD) report is produced by Debt Recovery for senior management. Testing has identified the following:</p> <ul style="list-style-type: none"> <li>• A specific pursuance / recovery policy has not been defined for LT residential care costs.</li> <li>• A service level agreement is not in place between the two service areas to assist with the timely recovery of this debt in a way which is appropriate for these circumstances.</li> <li>• Seven service users on the LTD spreadsheet do not appear on the property debt spreadsheet. (LTD Value based on last invoice sent £139,178.78)</li> <li>• 36 service users on the property debt spreadsheet do not appear on the LTD. Six are deceased.</li> <li>• Four service users on the LTD report do not have a charge on the Current Properties with Charges PDF report.</li> <li>• 15 service users appear as deceased on the PD. Value on LTD £297,894.62 based on last invoices). These remain on the LTD report indicating recovery is still due. The oldest deceased date is 2008. The most recent invoice date is 14/10/2022.</li> <li>• Two service users are deceased but do not appear on LTD (SP02185A, SS12830A).</li> <li>• A reconciliation does not take place between the datasets. We have not been able to resolve 4 service users</li> </ul>	<p>colleagues and the Chief Officer.</p> <p>Define the appropriate debt recovery process as part of the policy review.</p>		

Findings and Implications	Agreed Action	Who	When
<p>(SS12830A/ST00403A/ST00995A/ST01083A &amp; T00998A).</p> <ul style="list-style-type: none"> <li>LTD 17.01.23 reported debt outstanding as £1,301,566.28. Finance's Income received / outstanding debt extract reported debt outstanding as £1,107,404.57 (ledger code Property Income SER7119621). FACT does not review either of these reports. We have not been able to reconcile these two reports due to time constraints and the way the debt is structured in the ledger.</li> <li>The current process means that without high levels of resource and analysis management are unable efficiently reconcile a service user's account from payments made to invoicing for full costs including interest and management fee, to pursuance and recovery.</li> <li>At the time of reporting, we were unable to resolve whether the final invoice is raised in AR against each service user as a debtor, where debt pursuance action would usually be recorded. We can see invoices coded to Property Income (SER7119621) where any income is receipted.</li> <li>Management cannot evidence recovery activity has taken place via the LTD/PARIS/PD.</li> </ul> <p><b>Write Off</b></p> <p>We were not able to identify any write off actions against these debts. Debt recovery have confirmed they would not write off this debt as it is expected to be eventually recovered through the sale of the property. However, testing identified accounts on the LTD without a charge against the property, some without a DPA and others with lesser types of charge in place. There are cases where the property has been sold or passed onto other family. Without these key mitigations it is unclear why Flintshire considers it remains in a position to recover against these debts.</p> <p>There is a risk that an appropriate pursuance and recovery process is not in place for these debts payment for which have been deferred – including stages of pursuance, escalation, write off reporting and authorisation. There is a risk as these debts are significant, any write off will have an impact on the FCC's bad debt provision.</p>			

Findings and Implications	Agreed Action	Who	When
<p><b>6(A) <u>Effectiveness of legal charge (URN 3553)</u></b></p> <p>Flintshire will place a legal charge against a service user's property in order to recover the amount paid in LT residential care costs. This charge is removed once Flintshire has received payment in full for fees accrued against the property.</p> <p>Management advises there are instances where a charge cannot be raised for example tenants in common, applicant not having capacity and power of attorney not having been obtained etc. However legal have advised a service user does not need to give permission for a charge to be raised. At time of reporting, we were unable to reconcile this difference.</p> <p>Testing identified:</p> <ul style="list-style-type: none"> <li>• Of the 72 service users on the PD, nine did not have a charge against the property.</li> <li>• The Current Properties with Charges PDF report lists a total of 87 properties with a charge.</li> <li>• A service level agreement is not in place between the two service areas to assist with the specialist legal aspects of charges.</li> </ul> <p>There are a variety of charges which can be placed against a property depending on whether the property is registered or not. These will impact on the ability of Flintshire to recover costs. The types of charges are:</p> <ol style="list-style-type: none"> <li>1. Land Reg Charge - registered property</li> <li>2. Land Reg Restriction - registered property in joint name so restriction in respect of person</li> <li>3. Class B Land Charge - unregistered property</li> <li>4. Note with Local Land Charges - Note with Local Land charges register</li> </ol> <p>When considering a DPA application, Flintshire has to accept a Type 1 charge as sufficient security to protect its interest however it has discretion over whether to accept the other types of charges as sufficient and can refuse a DPA on this basis.</p>	<p>Through the Legal Surgeries, the appropriateness of each charge and recovery process is being reviewed.</p> <p>This will include the appropriateness of the charge and actions that need to be taken to ensure the pursuance and recovery of the debt in due course.</p> <p>As part of this process any debts which may require write off will be identified and reported appropriately to finance colleagues and the Chief Officer.</p> <p>Learnings will be incorporated into the policy review.</p>	Jane Davies	30 Nov 2024



Findings and Implications	Agreed Action	Who	When
<p>Legal have advised the note with LLC (charge 4) would only notify Flintshire the property was being sold rather than ensure any recovery. Social Services would need to contact the service user representative to attempt to negotiate a payment. There is nil legal obligation on the representative to make such a payment if a DPA has not been signed. This risk materialised in the case of SS12830A and now attempting to recover from FD534056. The service user died in 2017, last invoice £28,047.86 dated 14/11/2019. These costs are yet to be recovered. (Table 3)</p> <p>Management advise they were not aware of the different charges placed on properties and the impact on Flintshire's ability to recover. Management does not differentiate between the various types of charges on the Current Properties with Charges PDF report generated from PARIS nor on the PD.</p> <p>Current process does not evidence whether the charge placed on a property will be sufficiently effective for recovery or whether more specific mitigation actions / decisions are required. It is unclear how many cases have lesser charges on which Flintshire is relying on to recover.</p> <p>There is a risk that relying on an ineffective charge means Flintshire will never be able to recover the funds it is due. The process does not address the risk that a less effective charge increases the risk of non-recovery and financial loss.</p>			
<p><b>7(A) <u>Annual / Bi-annual property statement (URN 3557)</u></b></p> <p>The Social Service and Well-Being (Wales) Act 2014, Part 4 and 5 of the code of Practice, requires local authorities to provide those service users on a DPA with a six-monthly written update of the amount of care costs deferred, of the interest and administrative costs accrued to date, of the total amount due and an estimate of the equity remaining in the home not covered by the required amount deferred.</p> <p>Testing identified updates are not being sent every six months as required and the updates provided do not include any reference to the estimate of the equity remaining in the home not covered by the required amount deferred. This is also crucial aspect in Flintshire's decision whether to revoke</p>	<p>A six-monthly written update of the amount of care costs deferred inclusive of interest and administrations costs will be provided to the service users or their appropriate representative.</p> <p>Prior to the implementation of the new FACT software system ContrOCC, this will be undertaken manually. Post implementation in Q4 2023/24 this will be automated through ContrOCC.</p>	Jane Davies	31 Dec 2023

Findings and Implications	Agreed Action	Who	When
<p>the DPA.</p> <p>Service users who have not secured a DPA but where there is a charge placed on the property should receive a property statement at year end advising of the total amount owing to FCC. This requirement is applicable to the majority of cases (96%) on the property debt spreadsheet. We were provided with an example of the statement but there is nil up to date management information to identify compliance with this requirement. Due to lack of time, we have not been able to test this further.</p> <p>There is a risk Flintshire is non-compliant with the requirements set out in the Social Service and Well Being (Wales) Act 2014 Part 4 and 5 or the Code of practice. We are unable to evidence accurate calculation of interest due as well as judgement on remaining equity being sufficient to enable full cost recovery.</p>			
<p><b>8(A) <u>MANAGEMENT REQUEST – Historic Case studies (URN 3550)</u></b></p> <p>Two cases were provided for sample testing as difficulties had been encountered with recovery of debt. We would note the following:</p> <ul style="list-style-type: none"> <li>• SS05743B deceased 10/09/2019, SS20412A deceased 28/02/2013.</li> <li>• S05743B on LTD £1478.03. We are unable to report the original debt owed on death as the figures in the PD spreadsheet do not reconcile.</li> <li>• SS20412A on LTD £359.43. We are unable to report the original debt owed on death as the figures in the PD spreadsheet do not reconcile.</li> <li>• Neither service user had a DPA in place. Flintshire therefore had limited protection to ensure the property was not subsequently occupied by family or tenants and the asset was kept in a good state of repair to ensure the value is adequate to secure the debt.</li> <li>• A Land Registry restriction (Type 2 charge) and a Class B Land Charge (Type 3 charge) were placed against the properties.</li> <li>• We are unable to evidence action to enforce these charges at time of death. However, as these are lesser types of charges, there is a risk these</li> </ul>	<p>The new control measures detailed above will mitigate against these types of risks reoccurring in the future.</p> <p>As a further assurance, case file audits will be introduced in the service to ensure compliance with the new procedures detailed above.</p> <p>These audits will include debt recovery assurance, compliance with legal process and delivery of management information.</p>	Jane Davies	31 May 2024

Findings and Implications	Agreed Action	Who	When
<p>were insufficient to protect Flintshire's interest and recover the debt.</p> <ul style="list-style-type: none"> <li>• There was a lack of clarity of role and responsibility between FACT and debt recovery.</li> <li>• Pursuance policy was not in place to provide guidance on the recovery activities to be completed and timescales for these.</li> <li>• Case management and escalation process was not in place.</li> </ul> <p>These historic cases highlight several control issues which are also highlighted in this report. There is a risk the current control environment would not sufficiently mitigate against these types of risk reoccurring, leading to significant financial loss.</p>			

Supporting tables are located at the end of Appendix E.

#### Progress to date by the Service:

Since the completion of the audit report the Financial Assessment and Charging Team have established a Task and Finish Group to address the agreed actions, this work is taking place alongside the implementation of a new finance software system which will support the additional monitoring and control measures identified in the audit report. This work has resulted in:

- An Action Plan is in place and is working through the risks identified through the Internal Audit review but has also identified additional areas of work to further improve processes. This group report progress to the Senior Manager Safeguarding and Commissioning on a 6-weekly basis. Progress reports are also prepared and presented to the Social Services Senior Management Team.
- The Social Services client information system, PARIS, has been amended to create a specific section in the system which will allow for the detailed recording of deferred payment applications. Functionality has been built into the system to allow reporting functionality to support ongoing monitoring. Once this new section in PARIS has been fully tested, all steps in the process, financial information and management information will be recorded in one central location and will ensure consistency in information recording. The reporting functionality will allow for clearer management oversight and greater control measures and will remove the need for separate spreadsheets which are currently being maintained.
- A report of all deferred payment cases will be produced from PARIS every 6 weeks, this will be used as source data for the 6 weekly Debt Review Meetings which will continue to be held between senior managers in Social Services and senior officers from the Collection and Enforcement Team. At these meetings data from PARIS will be reconciled with Collection and Enforcement data and actions agreed.

- Case File Audits are being introduced and these will take place every 6 weeks, initially based on the discussions held at the Debt Review Meetings. The Case File Audits will be scheduled to follow on from the Debt Review Meetings and will review adherence to practice as well as identify areas of best practice and learning.
- The new section in PARIS also creates an additional functionality where cases can be immediately escalated to Senior Management. An example of escalation would be where the Council is unable to register a charge on a property. An escalation report will be produced every 6 weeks detailing all Deferred Payment activity and including early notification of potential areas of risk and appropriate decisions. This report alongside the information from the Debt Review Meeting and the Cast File Audits will be presented to the Senior Manager Safeguarding and Commissioning for review, risk assessment and decision. Based on the 3 sources of information detailed above, each case will be awarded a RAG Status and appropriate actions identified. All cases identified as having a red RAG status will be reviewed 6 weekly, all cases identified as having an amber RAG status will be reviewed every 18 weeks and all cases identified as having a green RAG status will be reviewed every 6 months.
- The working group will be reviewing all existing property and deferred payment cases on the 17<sup>th</sup> April 2024 and inputting the information into the new section in PARIS. Once this is complete the 6 weekly reporting and oversight activity will commence.
- Monthly Legal Surgeries with Blake Morgan Solicitors are taking place and the Financial Assessments and Charging Team Leader is liaising between Debt Recovery and Flintshire Legal Services to resolve any issues identified with specific cases.

#### Ongoing Service Actions:

Further Legal Surgeries have been arranged to review every legal charge and Deferred Payment Agreement. These Legal Surgeries will include colleagues from the Collection and Enforcement Team. We have also requested detailed guidance from Blake Morgan on the detail of various forms of legal charge and their appropriate use. This information will be shared with the Financial Assessment and Charging Team, the Collection and Enforcement Team and Legal Services.

Training will be provided to all relevant Financial Assessment Officers regarding Deferred Payment Agreement and the types of legal charges available, the differences between them and in what circumstances they apply.

Further improvements to the processes have been identified which will be undertaken during the next six months. These include reviewing and creating new template letters and reviewing associated processes linked to the new finance software system.

A review of historic cases will be undertaken and feed into a wider policy review.

The wider policy review will be undertaken once the initial monitoring and management oversight processes are in place. The review will take into account learnings from the Legal Surgeries to ensure the effectiveness of all legal charges.

A quarterly report on progress will be presented to the Social Services Senior Management Team for review and challenge.

## Next Steps:

A full report on progress will be provided to Informal Cabinet, Health and Social Care Overview and Scrutiny Committee and full Cabinet.

An update report be brought to this Governance and Audit Committee in 6 months' time to provide an update on progress against the Audit Recommendations as well as sharing progress on additional actions taken outside the original finding of the Audit.

## Service Action Plan Following Review:

### Deferred Payments and Property Cases Workplan

**Completion  
Due Date 30/11/2024**

Task	Source	Deadline	Owner	Status	Comments
Action Plan of risks in audit report	Brief meeting	31/05/2024	Gemma	Complete	See second tab
Matrix of info from all systems Property s/s, PARIS, CIS - RAG rated	Audit report	31/05/2024	Working Group		Spec sent to PARIS - waiting for matrix to be built
List all actions in the process from start to debt recovery Inc letters to send, when and what to say	Brief meeting	30/11/2024	Gemma	Complete	Actions identified and listed in spec for Matrix
Create process for debt recovery	Brief meeting	30/11/2024	Working Group		To be completed once Matrix is in place and process is agreed
Create process and leaflet to give to families	Brief meeting	30/11/2024	Working Group		To be completed once Matrix is in place and process is agreed
Create procedure for deferred Payments process	Additional	30/11/2024	Working Group		To be completed once Matrix is in place and process is agreed
Create procedures for ends (property sale, death or CHC)	Additional	30/11/2024	Working Group		To be completed once Matrix is in place and process is agreed
Create procedure for year end process	Additional	30/11/2024	Working Group		To be completed once Matrix is in place and process is agreed
Create procedure for non co-operative families	Additional	30/11/2024	Working Group		To be completed once Matrix is in place and process is agreed
Create letter – a charge has been registered	Additional	30/11/2024	Danielle		26/2/24 Danielle to draft template

Create letter – property needs registering with the land registry	Additional	30/11/2024	Danielle		26/2/24 Danielle to draft template
Create letter - a valuation has been requested	Additional	30/11/2024	Danielle	Complete	Detail included in initial letter
Create letter – a valuation has been completed (Deferred Payment Only)	Additional	31/05/2024	Danielle		26/2/24 Danielle to draft template
Create letter – CHC funded, client contribution to be paid towards property debt accrued	Additional	31/05/2024	Danielle		26/2/24 Danielle to draft template
Check Deferred Payment Application form is correct					
Re compound interest and date payment due	Additional	31/05/2024			
Deferred Payment contract from legal - is this correct?	Additional	31/05/2024			
Create checklist for WBOs – to built into Financial Assessment Claim Form	Additional	31/05/2024	Gemma		Draft v2 sent to working group 26/02/24
Update WBO process / procedure	Additional	30/11/2024	Ian		
Update property procedure	Additional	30/11/2024	Working Group		To be completed once Matrix is place and process is agreed
Create flowcharts for processes and actions	Brief meeting	30/11/2024			To be completed once Matrix is place and process is agreed
Review all property cases	Brief meeting	31/05/2024	Working Group		Booked date 03/04/24 to review cases and input on new PARIS form
Manual Six monthly statements until ContrOCC in place	Audit report	31/12/2023	Claire / FAOs	Complete	Confirmation manual process is in place
Introduction of case file audits	Audit report	31/05/2023			To be introduced once Matrix is in place
Monthly FACT Legal surgeries to review all DP agreements	Audit report	30/11/2024			
Review each charge through the legal surgeries, and actions needed to ensure debt recovery	Audit report	30/11/2024			

Monthly reports of cases with risk and / or non payment	Audit report	30/11/2024			PARIS matrix will provide reports
Training for FAOs around correct agreements and charges - from Blake Morgan	Audit report	30/11/2024			
Debt recovery to be invited to legal surgeries	Audit report	30/11/2024	Claire	Complete	Claire meeting with Carwyn & Hannah (Debt Management) and taking the information to Blake Morgan Legal Surgeries. Claire then feeding back to debt recovery in bi-monthly meetings
Identify bad debts for write off	Audit report	30/11/2024			
Complete a policy review	Audit report	30/11/2024			To be completed once Matrix is in place and process is agreed
Incorporate learnings into the policy review	Audit report	30/11/2024			
Define the appropriate debt recovery process as part of the policy review	Audit report	30/11/2024			
Complete IIA	Audit report	30/11/2024			

Below is a link to Social Services Information Leaflet – Paying for Residential Care which is available on the Council’s website.

<https://www.flintshire.gov.uk/en/PDFFiles/Social-Services/Adult-Social-Services/SSA-A16R-Paying-for-Residential-Care-Information-Leaflet.pdf>

Table 1 – Internal Audit Risk Profile

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GROUP	SERVICE USER	LT RESIDENTIAL CARE COSTS	RISK	CONTROL
1	<ul style="list-style-type: none"> <li>&gt;£50K</li> <li>Service user self-funder</li> <li>liable for their own LT Residential care costs</li> </ul>	NIL	NIL	NIL
2	<ul style="list-style-type: none"> <li>&lt;£50K</li> <li>no property, or other assets</li> <li>property ineligible – value low or partner, a dependent child, a relative aged over 60, or someone who is sick or disabled still lives home.</li> </ul>	<b>NON-RECOVERABLE LT residential care costs</b>	Risk is that payment by Flintshire on service user behalf is inaccurate	<ul style="list-style-type: none"> <li>accuracy of payment</li> <li>regular monitoring, reconciliation, and reporting</li> <li>nil for debt recovery as none is expected</li> </ul>
3	<ul style="list-style-type: none"> <li>&lt;£50k</li> <li>other assets (apart from home) are low</li> <li>property eligible - value of home is over the threshold for paying part or all of care home costs</li> <li>own property / has beneficial interest realisable on sale</li> <li>may/may not have capacity to enter into agreement</li> </ul>	<b>RECOVERABLE LT residential care costs</b>	Risk is that payments by Flintshire on service user behalf is inaccurate	<ul style="list-style-type: none"> <li>visibility of service user care costs</li> <li>accuracy of payment</li> <li>regular monitoring, reconciliation, and reporting</li> </ul>
			Risk is that Flintshire payments cannot be recovered	<ul style="list-style-type: none"> <li>service user chooses to sell property immediately and pay</li> </ul>
				<ul style="list-style-type: none"> <li>Service user chooses to delay sale of house</li> <li>applies for bridging DPA which is approved.</li> <li>Flintshire raises sufficient legal charge (Type 1)</li> </ul>
				<ul style="list-style-type: none"> <li>service user chooses to defer payment until death</li> <li>applies and agrees to DPA which is approved.</li> <li>Flintshire raises sufficient legal charge (Type 1)</li> </ul>
<ul style="list-style-type: none"> <li>Service user nil capacity to agree to DPA</li> <li>Family/representative to resolve PoW</li> <li>Flintshire understands available legal charge</li> <li><b>RISK MANAGEMENT &amp; MGMT DECISION RE CONTINUED PAYMENT</b></li> <li>Eventually Flintshire secures DPA with</li> </ul>	<ul style="list-style-type: none"> <li>Service user nil capacity to agree to DPA</li> <li>Flintshire needs to assist service user to apply and agree to a DPA</li> <li>Flintshire understands available legal charge</li> <li><b>RISK MANAGEMENT &amp; MGMT DECISION RE CONTINUED PAYMENT</b></li> <li>Eventually Flintshire secures PoA, DPA in</li> </ul>			



				family / personal rep & more effective legal charge raised	place & more effective legal charge raised
				<ul style="list-style-type: none"> <li>• Flintshire rejects DPA application</li> <li>• Flintshire understands available legal charge</li> <li>• Nil in place or likely to be in place to recover</li> <li>• <b>RISK MANAGEMENT &amp; MGMT DECISION RE CONTINUED PAYMENT</b></li> </ul>	
				<ul style="list-style-type: none"> <li>• Service user / family / personal rep refuses sale and refuses to apply DPA</li> <li>• Flintshire understands available legal charge</li> <li>• Nil in place or likely to be in place to recover</li> <li>• <b>RISK MANAGEMENT &amp; MGMT DECISION RE CONTINUED PAYMENT</b></li> </ul>	
				<ul style="list-style-type: none"> <li>• Accuracy of final invoice</li> <li>• Clarity of pursuance activity which should take place</li> <li>• Regular monitoring and reporting</li> <li>• <b>RISK MANAGEMENT DECISION &amp; ESCALATION</b></li> <li>• <b>HIGH RISK CASES AS RESULT OF MGMT DECISION TO CONTINU PAYMENT.</b></li> <li>• Appropriate write off</li> </ul>	
			Risk is that once circumstances warrant (sale / death) debt pursuance and recovery is insufficient		

Table 2.1 and 2.2 – Payments Made Via CIS 25/5/23

TABLE 2.1 – CIS TWO WEEKLY PAYMENT RUN 28/5/2023 - represents payments by ledger code						
Ledger Code	ADJM	ADJS	ADJSM	Cost for # of nights	T - short term care placement	Grand Total
RESIDENTIAL LT	£ 60.00	£ 14,887.24	-£ 590.53	£ 615,911.20		£ 630,267.91
NURSING LT	-£ 49.30	£ 11,461.47		£ 255,724.88		£ 267,137.05
RESIDENTIAL ST	-£ 986.15	£ 1,795.63			£ 67,586.68	£ 68,396.16
NURSING ST	x	£ 337.02			£ 2,120.60	£ 2,457.62
Grand Total	-£ 975.45	£ 28,481.36	-£ 590.53	£ 871,636.08	£ 69,707.28	£ 968,258.74

TABLE 2.2 – CIS TWO WEEKLY PAYMENT RUN 28/5/2023 - represents RECOVERABLE long term residential care costs if these ARE on the Property Debt Spreadsheet = £39,134.38							
Property Debt Spreadsheet	OVERALL CODE	ADJM	ADJS	ADJSM	Cost for # of nights	T - short term care placement	Grand Total
not on PDS	RESIDENTIAL LT	£ 60.00	£10,227.71	-£ 590.53	£279,460.16		£289,157.34
not on PDS	NURSING LT	-£ 49.30	£11,461.47		£244,371.12		£255,783.29
not on PDS	RESIDENTIAL ST	-£ 986.15	£ 1,795.63			£ 67,586.68	£ 68,396.16
not on PDS	NURSING ST		£ 337.02			£ 2,120.60	£ 2,457.62
not on PDS (PDSI client)	RESIDENTIAL LT		£ 4,659.53		£308,670.42		£313,329.95
Yes	RESIDENTIAL LT				£ 27,780.62		£ 27,780.62
Yes but nursing	NURSING LT				£ 11,353.76		£ 11,353.76
Grand Total		-£ 975.45	£28,481.36	-£ 590.53	£871,636.08	£ 69,707.28	£968,258.74

Table 2.3 Recoverable Client Number

<b>RECOVERABLE = ON PDS      £ 39,134.38</b>				
<b>NURSING LONG TERM</b>	<b>£ 11,353.76</b>		<b>RESIDENTIAL-L TERM</b>	<b>£ 27,780.62</b>
C00459A	£ 1,820.46		C00081A	£ 665.04
P00817A	£ 1,876.82		C00734A	£ 1,221.44
S14026A	£ 1,804.78		C00971A	£ 904.36
S28040A	£ 798.94		P00448A	£ 811.98
T00315A	£ 1,662.04		P02557A	£ 974.06
T00675A	£ 1,758.06		S04254A	£ 683.98
T01414A	£ 1,632.66		S08410B	£ 721.40
			S09823A	£ 941.52
			S13851A	£ 860.42
			S27903A	£ 906.68
			S28237A	£ 756.26
			T00252A	£ 409.52
			T00360A	£ 974.26
			T00367A	£ 1,195.48
			T00433A	£ 1,084.70
			T00567A	£ 650.46
			T00710A	£ 886.58
			T00716A	£ 921.20
			T00731A	£ 803.36
			T00943A	£ 755.76
			T00966A	£ 1,727.16
			T00994A	£ 1,455.10
			T00995A	£ 1,643.16
			T01195A	£ 1,141.80
			T01239A	£ 953.08
			T01295A	£ 869.00
			T01296A	£ 1,219.70
			T01372A	£ 1,643.16

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Table 2.4 – Ledger Information from Finance

CIS REPORT BUDGET CODES	detail 1	overall	DSCRPT JD
SER7315628	RESIDENTIAL & NURSI	NURSING LT	This is a budget code for Older Peoples commissioned residential care
SER7515628	RESIDENTIAL & NURSI	NURSING LT	This is a budget code for Older Peoples commissioned residential care
SER7715628	RESIDENTIAL & NURSI	NURSING LT	This is a budget code for Older Peoples commissioned residential care
SFF6115628	FOST'G FLINT/H'WELL	NURSING LT	Is not currently used
SLC2315628	PDSI - RESIDENTIAL/	NURSING LT	PDSI is Physical Disability and Sensory Impairment, mostly used for costs for adults aged between 18 - 65 years old
SLC3215628	RESOURCE PANEL	NURSING LT	Is not currently used
SLC9235628	RESID'TL PLACEMENTS	NURSING LT	This is a budget code for people with Learning Disabilities (mostly aged between 18 - 65 years old)
SMR2215625	DEESIDE RESIDENT	NURSING LT	This is a budget code for Mental Health (mostly aged between 18 - 65 years old)
SER7515629	RESIDENTIAL & NURSI	NURSING ST	This is a budget code for Older Peoples commissioned residential care
<b>SCE1145625</b>	<b>(FCC)PHYS DIS EQUIP</b>	<b>RESIDENTIAL LT</b>	<b>This is a budget code from the North East Wales Community Equipment Store (NEWCES)</b>
<b>SER7215625</b>	<b>FREE NURSING INCOME</b>	<b>RESIDENTIAL LT</b>	<b>Is not currently used</b>
<b>SER7315625</b>	<b>RESIDENTIAL &amp; NURSI</b>	<b>RESIDENTIAL LT</b>	<b>This is a budget code for Older Peoples commissioned residential care</b>
<b>SER7515625</b>	<b>RESIDENTIAL &amp; NURSI</b>	<b>RESIDENTIAL LT</b>	<b>This is a budget code for Older Peoples commissioned residential care</b>
<b>SER7715625</b>	<b>RESIDENTIAL &amp; NURSI</b>	<b>RESIDENTIAL LT</b>	<b>This is a budget code for Older Peoples commissioned residential care</b>
<b>SER7715625*</b>	<b>RESIDENTIAL &amp; NURSI</b>	<b>RESIDENTIAL LT</b>	<b>This is a budget code for Older Peoples commissioned residential care</b>
SLC2215625	PDSI - DOMICILLIARY	RESIDENTIAL LT	PDSI is Physical Disability and Sensory Impairment, mostly used for costs for adults aged between 18 - 65 years old
SLC2315625	PDSI - RESIDENTIAL/	RESIDENTIAL LT	PDSI is Physical Disability and Sensory Impairment, mostly used for costs for adults aged between 18 - 65 years old
SLC9235625	RESID'TL PLACEMENTS	RESIDENTIAL LT	This is a budget code for people with Learning Disabilities (mostly aged between 18 - 65 years old)
SLC9315625	LIFE SHARES	RESIDENTIAL LT	This is a budget code for people with Learning Disabilities (mostly aged between 18 - 65 years old)
<b>SMR2215628</b>	<b>DEESIDE RESIDENT</b>	<b>RESIDENTIAL LT</b>	<b>This is a budget code for Mental Health (mostly aged between 18 - 65 years old)</b>
SCE1145626	(FCC)PHYS DIS EQUIP	RESIDENTIAL ST	This is a budget code from the North East Wales Community Equipment Store (NEWCES)
SER7215626	FREE NURSING INCOME	RESIDENTIAL ST	Is not currently used
SER7315626	RESIDENTIAL & NURSI	RESIDENTIAL ST	This is a budget code for Older Peoples commissioned residential care
SER7315626*	RESIDENTIAL & NURSI	RESIDENTIAL ST	This is a budget code for Older Peoples commissioned residential care
SER7515626	RESIDENTIAL & NURSI	RESIDENTIAL ST	This is a budget code for Older Peoples commissioned residential care
SER7715626	RESIDENTIAL & NURSI	RESIDENTIAL ST	This is a budget code for Older Peoples commissioned residential care
SGC2115626*	GENERAL EXPENDITURE	RESIDENTIAL ST	Is not currently used
SLC2315626	PDSI - RESIDENTIAL/	RESIDENTIAL ST	PDSI is Physical Disability and Sensory Impairment, mostly used for costs for adults aged between 18 - 65 years old

Table 3 – Risk to Effective Recovery

LTD Spreadsheet @ 17.01.2023 £837,884.68 – Reconciled with Legal Charges Tested by Service User

Tudalen 397

Customer ID	DECEASED	LTD INVOICE DATE	LTD @17.01.23	DPA	Land Reg Charge	Land Reg Restriction	Class B Land Charge	Note with LCC	No Info
SS14274A	06/08/2008	31/03/2007	£15,254.06	no					√
SS20412A	28/02/2013	30/06/2022	£359.43	no			√		
SS22438A	28/05/2013	17/09/2013	£34,914.20	no					√
SA23047B	25/07/2015	15/03/2017	£34,568.21	no					√
FD534056 & SS12830A	04/04/2017	14/11/2019	£28,047.86	no				√	
SS09665A	25/07/2018	04/02/2018	£3,458.05	not really			√		
SP02185A	29/03/2019	NOT ON LTD	£ -	no					√
SS05743B	10/09/2019	31/03/2022	£1,478.03	no		√			
SP01554A	17/03/2020	28/05/2021	£936.05	no			√		
SP01179A	19/01/2021	10/03/2021	£21,100.00	no					√
SP02679A	18/06/2021	30/07/2021	£16,230.68	no			√		
SC00329A	07/01/2022	03/02/2022	£46,163.89	CONFIRMED	√				
ST00472A	17/04/2022	18/05/2022	£1,402.04	no			√		
SS18639A	24/07/2022	05/08/2022	£4,913.32	no		√			
SP01903A	09/10/2022	14/10/2022	£76,727.29	CONFIRMED	√				
ST00810A	11/12/2022	18/05/2022	£20,302.50	no	√				
		18/05/2022	£20,086.87	no	√				
SA19699B	NO	06/11/2018	£4,478.06	not really					√
SC00081A	NO	17/03/2022	£13,865.14	no			√		
SD25317A	NO	31/03/2022	£9,577.22	no		√			
SP00448A	NO	31/03/2022	£13,914.49	no	√				
SP01418A	NO	31/03/2016	£8,729.32	no			√		
SP01434A	NO	21/04/2021	£5,821.39	not really					√
		23/06/2022	£28,138.16	not really					√
SP01474A	NO	31/03/2022	£26,134.48	not really			√		
SP01519A	NO	30/06/2022	£19,353.07	no			√		
SS00974A	NO	30/03/2022	£36,412.95	not really	√				

Customer ID	DECEASED	LTD INVOICE DATE	LTD @17.01.23	DPA	Land Reg Charge	Land Reg Restriction	Class B Land Charge	Note with LCC	No Info
SS08410B	NO	21/04/2022	£13,693.96	no	√				
SS08762A	NO	09/03/2015	£9,496.06	not really					√
SS13851A	NO	31/03/2022	£18,358.14	no		√			
SS21032A	NO	22/09/2021	£17,753.40	not really					√
SS27903A	NO	31/03/2022	£18,879.05	no			√		
SS28040A	NO	31/03/2022	£47,518.74	no					√
SS28237A	NO	24/03/2021	£22,603.88	no			√		
ST00252A	NO	31/03/2022	£12,910.39	no			√		
ST00360A	NO	31/03/2022	£14,589.02	no					√
ST00367A	NO	31/03/2022	£23,326.14	not really					√
ST00403A	NO	30/06/2022	£44,545.07	no					√
ST00433A	NO	17/03/2022	£20,816.92	no	√				
ST00487A	NO	17/08/2022	£5,620.50	not really					√
ST00567A	NO	31/03/2022	£13,173.42	CONFIRMED	√				
ST00675A	NO	17/03/2022	£15,760.50	no			√		
ST00710A	NO	18/05/2022	£19,135.02	no					√
ST00731A	NO	31/03/2022	£13,636.52	no	√				
ST00995A	NO	NOT ON LTD	£ -	no					√
ST01083A	NO	14/07/2022	£4,225.78	no					√
		23/03/2022	£9,475.41	no					√
T00998A	NO	NOT ON LTD	£ -	no					√
	<b>Grand Total</b>		<b>£837,884.68</b>						

# Action Tracking – Portfolio Performance Statistics

# Appendix F

Tudalen 399

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	5	1	1	3	2	0	1	1	40%	1	0	1
People (HR)	19	4	9	6	13	0	8	5	68%	11	5	6
Resources (Finance)	12	3	4	5	7	0	4	3	58%	4	3	3
Education & Youth	1	1	0	0	0	0	0	0	0%	1	0	0
Governance	8	0	4	4	5	0	2	3	63%	7	5	3
Housing & Communities	24	6	11	7	21	4	10	7	88%	21	5	15
Planning, Environment & Economy	1	0	1	0	0	0	0	0	0%	1	0	0
Social Services	8	5	3	0	1	0	1	0	13%	1	0	0
Streetscene & Transportation	13	3	5	5	13	3	5	5	100%	11	4	7
External	5	0	2	3	5	0	2	3	100%	2	0	2
Individual Schools	18	0	10	8	18	0	10	8	100%	1	5	4
<b>Total</b>	114	23	50	41	85	7	43	35	75%	61	27	41

# 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
Tudalen 400	H&C 21/22 Maes Gwern Contractual Arrangements- Changes to unit type have an impact on capital receipts	3159	A process and a process owner to be devised and introduced to identify any discrepancies in changes to property type and chase any remaining funds and interest due to the Council since the completion date. Any risks to the achievement of the agreed capital receipts should be considered and escalated to Chief Officer.	H	29-Oct-21	30-Jun-23	30-Jan-24	<p>Cross referenced schedules from the Wates / Finance and the original planning approval house types and GIFA were provided. This cross referencing demonstrates all house types and GIFA remain the same, except 13 plot types approved as a non-material planning change, and two plots swapped location to accommodate a badger set.</p> <p>Late payment claims - process owner CT</p> <p>Documentation provided to IA on 16.01.2024 shows</p> <ol style="list-style-type: none"> <li>1) the outstanding funding to the Council based on when a plot was sold, against when funding was actually received. This gives a daily balance broken down by each plot based on the data in the payment schedule spreadsheet.</li> <li>2) the average daily interest rate for each day.</li> <li>3) brings both together to give a total of interest due each day from the first plot sold to final payment being received, totalling £8,594.</li> </ol>
	H&C 21/22 Maes Gwern Contractual Arrangements- The finance process in place to monitor capital receipts is not adequate.	3174	<p>A review to be complete of all current processes and these be aligned with the requirements stipulated in the Development Agreement.</p> <p>Management information to be reviewed at established governance routines to ensure programme deliverables are on track in line with Development Agreement.</p> <p>Identified changes to capital receipts should be escalated to the Chief Officer of Housing and Assets.</p>	H	29-Oct-23	31-July-23	30-Jan-24	<p>Payment schedule attached / process owner CT &amp; PC</p> <p>Documentation provided compares the plot values paid by Wates, along with the completion dates of each plot and dates the funding was received, against the expected capital receipt due for the scheme.</p> <p>The document shows the funding received from Wates for plot value paid, against plot values in Wates's report. This reconciled to the report with no significant variances. However, for transparency, it looks like we have received £380.05 more than expected. This is over 3 plots and look like transposition errors when paid to FCC.</p> <p>The document also compares funding received against the expected capital receipt from the development agreement. This shows an overpayment of £17,622. There was a £12 discrepancy between the capital receipts expected in the development agreement to the</p>



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
Tudalen 401								actual amount expected, which reduces the overpayment to £17,610. This is the amount Wates are stating is for late interest payments.
	H&C	3234	<p>The response will be delivered in 2 stages –medium and longer term. All actions are assigned to the Service manager to be delegated across team.</p> <p>Medium term (June 2022) Restructure of Housing Support and Homeless Prevention Service and create a specific team for Property Management to take the management of Temporary Accommodation out of the Homeless Team. Restructure has been approved, job descriptions are being devised and recruitment to begin in April 2022.</p> <p>Long Term (Dec 2022) Homelessness Accommodation Policy to be devised which will guide all processes and ensure delivery of all ambitions identified in the soon to be revised Housing Support Programme Strategy which comes in force 1st April 2022.</p>	H	30-Dec-22	31-Mar-24	30-Jan-24	<p>Further to the update provided to Governance and Audit Committee in November 2023, further progress is outlined below:</p> <p>Restructure within the Housing &amp; Prevention Service and separation of Temporary Accommodation management from the Homeless Team functions:</p> <ul style="list-style-type: none"> <li>Additional Temporary Accommodation Officer now in post and Restructure continues in relation to Job Evaluation</li> </ul> <p>Develop Homeless Accommodation Policy</p> <ul style="list-style-type: none"> <li>Homeless Accommodation Policy now in place and to be shared with Audit Team for review 17/01/2024.</li> </ul>
	H&C	3255	<p>The response will be delivered in the medium term. All actions are assigned to the Service 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</p>	H	30-Jun-22	31-Mar-24	23-Jan-24	<p>Further to the update provided to Governance and Audit Committee in November 2023, further progress is outlined below: Improve and enhance excel spreadsheet to capture all information in relation to temporary accommodation.</p> <ul style="list-style-type: none"> <li>Spreadsheets updated for data capture and available for Audit Team review end January 2024</li> <li>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</li> </ul>

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
Tudalen 402	Strategy and policy		<p>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>Move away from Spreadsheets for accommodation casework and adopt Back Office</p> <ul style="list-style-type: none"> <li>Migration over to the Back Office system for management of all forms of homeless accommodation to be completed end March 2024</li> <li>To complete training for all staff working on Back Office functionality for Temporary Accommodation staff once system implemented end of March 2024.</li> <li>Performance Management dashboard scoped out and once functionality of Back Office complete dashboard data will be live end March 2024.</li> </ul> <p>Review reasons for refusal of permanent accommodation and develop process to manage "unreasonable refusals".</p> <ul style="list-style-type: none"> <li>Suitability Checklist now in place along with Direct Lets Nomination Form and shared with Audit Team 17/01/2024 for review.</li> <li>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.</li> <li>Nominations report and suitability assessment requiring management sign off in place and process documented and shared with Audit Team 17/01/2024 for review.</li> </ul> <p>Develop Policy for Income Management relating to the Temporary Accommodation Portfolio to include:</p> <ul style="list-style-type: none"> <li>Rent Collection</li> <li>Service Charge Collection</li> <li>Arrears management</li> <li>Income Maximisation and Support</li> <li>Arrears Write Off</li> </ul> <ul style="list-style-type: none"> <li>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.</li> </ul>
	S&T	21/22 Highways Structures - Part	3423	1. Define and implement process to regularly reconcile	H	31-May-23	31-Mar-24	31-Jan-24

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
Tudalen 403	2 Inspection & Preventative Maintenance - COMPLETENESS & ACCURACY OF AMX - Part 1		<p>ins/outs will be.</p> <p>2. Prioritise on basis of risk to assess whether FCC is liable for unconfirmed assets. Update in AMX</p> <p>3. Introduce use of mobile app so AMX can be updated in real time by inspectors</p> <p>4. Ensure AMX data is the only basis for reporting / measuring performance for regular reporting to HAMP (see actions on defining performance indicators, risk management and reporting)</p>					escalated to BW. Extend due date to 31/03/24
	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-Jan-24	6-Nov-2023	Following this audit, Streetscene and Transportation requested an additional consultancy review be undertaken by Internal Audit on the identification of Statutory and Non Statutory Transport costs. This review is nearing completion.

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	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-Mar-24	19-Oct-23	AMX extracts are Management information has yet to be translated into performance indicators / thresholds for risk assessment. targets need to reflect the level of resource available and what risks need to be tolerated / where escalation is needed. Needs to be aligned to the policy - implementation for this will be March 2024

## 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
H&C	21/22 Maes Gwern Contractual Arrangement- 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	10-May-24	11-Feb-24	Meeting to be held with Wates on 11/3/24 to agree data. Advised will be in a position to resolve within 2 months.
H&C  Tudalen 405	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) 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> <p>Medium term (June 2022) Rental Charge Policy to be define to oversee rent income, arrears and write off. Review the performance information needed for management oversight</p>	H	31-Mar-23	30-Jun-24	21-Jan-24	<p>Further to the update provided to Governance and Audit Committee in November 2023, further progress is outlined below: Develop procedures for repairs and maintenance of Temporary Accommodation and ensure processes in place for:</p> <ul style="list-style-type: none"> <li>○ property inspections</li> <li>○ repairs for service</li> <li>○ repairs for landlords</li> <li>○ health &amp; safety compliance</li> </ul> <ul style="list-style-type: none"> <li>• Service Level Agreement for Voids Maintenance signed off 08/01/2024 and quarterly review meetings scheduled to monitor adherence and shared with Audit Team 17/01/2023 for review and testing.</li> <li>• Procedures and staff guidance notes in place and will be shared with Audit Team w/c 22/01/2024.</li> </ul> <p>Develop procedures relating to Void Management for Temporary Accommodation including Service Level Agreement as required with:</p> <ul style="list-style-type: none"> <li>○ FCC Housing Assets Service</li> <li>○ Cleaning contracts</li> </ul> <ul style="list-style-type: none"> <li>• Service Level Agreement for Voids Maintenance signed off 08/01/2024 and quarterly review meetings scheduled to monitor adherence and</li> </ul>

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
Tudalen 406			<p>when the Policy is in place.</p> <p>Longer term (March 2023) 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.</p>					<p>shared with Audit Team 17/01/2023 for review.</p> <ul style="list-style-type: none"> <li>• Procedures and staff guidance notes in place and will be shared with Audit w/c 22/01/2024.</li> <li>• Opportunities to engage Newydd as Cleaning Contractor being explored in response to challenges with current provider.</li> </ul> <p>Develop procedures relating to Repairs for Temporary Accommodation including Service Level Agreement as required with:</p> <ul style="list-style-type: none"> <li>○ FCC Housing Assets Service</li> <li>○ Cleaning contracts</li> <li>○ Fire Safety Services</li> <li>○ Leased Landlords</li> </ul> <ul style="list-style-type: none"> <li>• Service Level Agreement for Responsive Repairs now complete and signed off 08/01/2024 and quarterly review meetings scheduled to monitor adherence shared with Audit Team 17/01/2024 for review.</li> <li>• Procedures and staff guidance notes in place and will be shared with Audit w/c 22/01/2024.</li> </ul> <p>Review reasons for refusal of permanent accommodation and develop process to manage 'unreasonable refusals'</p> <ul style="list-style-type: none"> <li>• Suitability Checklist now in place along with Direct Lets Nomination Form and shared with Audit Team 17/01/2024 for review.</li> <li>• 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.</li> <li>• Nominations report and suitability assessment requiring management sign off in place and process documented and shared with Audit Team 17/01/2024 for review.</li> </ul> <p>Develop clear processes for Renewal and Review of Leases for the Temporary Accommodation portfolio.</p> <ul style="list-style-type: none"> <li>• Process for Renewal of Leases documented and</li> </ul>

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
Tudalen 407								<p>being applied and documents shared with Audit Team 17/01/2024 for review.</p> <p>Review arrangements for “Take On” of FCC and Housing Partners properties for use as Temporary Accommodation through a Memorandum of Understanding or Management Agreement.</p> <ul style="list-style-type: none"> <li>• Memorandum of Understanding for HRA used as Temporary Accommodation to be signed off w.c. 29/01/2024</li> <li>• Discussions with a Housing Partner underway for take on of 10 additional properties for use as Homeless Accommodation and Memorandum of Understanding to signed off if lease offer accepted by 31<sup>st</sup> March 2024.</li> </ul> <p>Develop Policy for Income Management relating to the Temporary Accommodation Portfolio to include:</p> <ul style="list-style-type: none"> <li>○ Rent Collection</li> <li>○ Service Charge Collection</li> <li>○ Arrears management</li> <li>○ Income Maximisation and Support</li> <li>○ Arrears Write Off</li> </ul> <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p>Develop “Homeless Accommodation – Temporary and Emergency Policy” for the Homeless Service</p> <ul style="list-style-type: none"> <li>• Homeless Accommodation Policy complete and shared with Audit Team 17/01/2024 for review.</li> <li>• Changes in process to respond to the Renting Homes Wales Act 2016 already adopted June 2023 for all aspects of Homeless Accommodation Management and shared with Audit Team 17/01/2024 for review.</li> </ul> <p>Complete full “end to end temporary</p>

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>accommodation process mapping” to assign roles and responsibilities, identify process delays and inefficiencies as well as document controls.</p> <ul style="list-style-type: none"> <li>To be completed in when all back office system functionality in place. To be completed by end June 2024.</li> </ul>

Tudalen 408



Ref	Date Referred	Investigation Details
<b>1. New Referrals</b>		
1.1		Nil new referral received
<b>2. Reported to Previous Committees and still being Investigated</b>		
2.1		No ongoing investigations
<b>3. Investigation Completed</b>		
3.1	N/A	

Tudalen 409

Internal Audit Performance Indicators

Appendix J

Performance Measure	22/23	Qtr1	Qtr2	Qtr 3	Qtr 4	Target	RAG Rating	
Audits completed within planned time	82%	80%	83%	50%	100%	80%	G	↑
Average number of days from end of fieldwork to debrief meeting	18	18	14	16	27	20	R	↓
Average number of days from debrief meeting to the issue of draft report	2	5	1	8	0	5	G	↑
Days for departments to return draft reports	8	12	13	6	3	7	G	↔
Average number of days from response to issue of final report	1	1	2	1	1	2	G	↔
Total days from end of fieldwork to issue of final report	24	26	26	30	30	34	G	↔
Productive audit days	86%	74%	82%	76%	79%	75%	G	↔
Client questionnaires responses as satisfied	100%	100%	100%	100%	100%	95%	G	↔
Return of Client Satisfaction Questionnaires to date	76%	67%	50%	59%	50%	80%	R	↔

Tudalen 410

Key					
R	Target Not Achieved	A	With in 20% of Target	G	Target Achieved
↑	Improving Trend	↔	No Change	↓	Worsening Trend

Audit – 2023/24	Priority	Status of Work	Supporting Narrative
<b>Corporate</b>			
Strategic Core Funding (22/23)	H	Complete	
Management of Leisure Assets	H	In Progress	Draft Report Issued to Management
Integrated Impact Assessment	H	Complete	
Cyclical Property Valuations	M	Defer	Defer due to lack of resource
<b>Education &amp; Youth</b>			
Schools Risk Based Thematic Reviews (Two schools) (22/23)			'Action Short of Strike'
Youth Justice Service	H	Complete	
School Risk Based Thematic Reviews – Ysgol Treffynnon, Holywell	Annual	In Progress	Draft Report Issued to Management
School Risk Based Thematic Reviews – Connah's Quay High	Annual	In Progress	Draft Report Issued to Management
School Risk Based Thematic Reviews – Ysgol Maes Hyfred	Annual	In Progress	Draft Report Issued to Management
School Risk Based Thematic Reviews – Ysgol Pen Coch	Annual	In Progress	Draft Report Issued to Management
Fixed term and permanent exclusions (provisional)	M	Defer	Defer due to lack of resource
<b>Governance</b>			
Cyber Security & Data Security	H	In Progress	
Protection against Ransomware Attacks (external)	H	Defer	Will be picked up by Salford in 24/25
Declarations of Interest	H	Complete	
Risk Management	H	Defer	Defer due to lack of resource
Procurement - management of joint service with DCC	M	Defer	Defer due to lack of resource
Deferred charges on properties	M	Combined	Combined with Management of Residential Care Liabilities
Data Protection (cross cutting)	M	Defer	Defer due to lack of resource
Review of Risk Registers and Risk Modules	New	Complete	
<b>Housing &amp; Assets</b>			
Landlord Health & Safety (Fire)	H	Complete	
Tenancy Enforcement / Support	H	In Progress	
Performance & Management Information (Voids)	H	In Progress	
Maes Gwern Follow Up	H	Defer	Defer due to lack of resource
Temporary Accommodation Follow Up	H	Defer	Defer due to lack of resource
Housing Benefit (including Subsidy Grant)	Biennial	In Progress	
Lease / Contractual Arrangements	New	Complete	
Supporting People Grant	Grant	Complete	

Audit – 2023/24	Priority	Status of Work	Supporting Narrative
<b>People &amp; Resources</b>			
Main Accounting – General Ledger (22/23)	Annual	Complete	
Housing Revenue Account - HRA	H	Complete	
Corporate Grants (replacement of AW work)	Annual	Complete	
Main Accounting – Accounts payable (AP) & P2P	Biennial	Complete	
Treasury Management	M	Defer	Defer due to lack of resource
Corporate Credit card / Procurement Card	M	Complete	
Compliance with pay policies / Application of Additional Pay Policy	H	Complete	
Pay Modelling	H	Ongoing	
Challenge review of In Year Overspends	New	Complete	
Disclosure and Barring Service (DBS) Renewal	M	Complete	
<b>Planning, Environment &amp; Economy</b>			
Climate Change & Environmental Sustainability (Cross Cutting) (22/23)		In Progress	Draft Report Issued to Management
Income - Fees & Charges	H	In Progress	
Planning – Prioritisation & Activities (including Enforcement)	H	In Progress	
Licensing & Permits	M	Complete	
Section 106 Agreements	M	Defer	Deferred until 2025/26 following audit planning process
<b>Social Services</b>			
Management of Residential Care Liabilities	H	Complete	
Consultancy Support - Voice of One Child	H	Defer	Deferred until 2025/26 following audit planning process
Deprivation of Liberty Safeguards (DoLS)	H	In Progress	
In House Children's Home - Ty Nyth	H	Defer	Deferred until 2024/25 following audit planning process
<b>Streetscene &amp; Transportation</b>			
Statutory Transport Obligations – Cost Dataset	New	In Progress	Requested by the service following the audit of TSO
Recycling Targets	H	In Progress	Draft Report Issued to Management
Review of Technical & Performance Team	H	In Progress	
H&S Service Delivery	M	In Progress	Draft Report Issued to Management
Fleet contract extension action plan	New	Complete	Requested following Council Meeting
Assets Infrastructure (CiPFA Code)	M	No longer relevant	No longer relevant
<b>External</b>			
Clwyd Pension Fund – Investment, Management and Accounting (Risk Registers)		Complete	
SLA - Aura - 10 days per annum	Annual	In Progress	

Audit – 2023/24	Priority	Status of Work	Supporting Narrative
SLA - NEWydd - 10 days per annum	Annual	In Progress	
Welsh Chief Auditors Group – End of Year Accounts Audit	New	Complete	

### Glossary

<b>Risk Based Audits</b>	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.
<b>Annual (System Based) Audits</b>	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.
<b>Advice &amp; Consultancy</b>	Participation in various projects and developments in order to ensure that controls are in place.
<b>VFM (Value For Money)</b>	Audits examining the efficiency, effectiveness and economy of the area under review.
<b>Follow Up</b>	Audits to follow up actions from previous reviews.
<b>New to Plan</b>	Audits added to the plan at the request of management. <b>All new audits to the plan are highlighted in red.</b>
<b>Audits to be Combined</b>	Audits to be combined once detailed scope established. <b>All combined audits are highlighted in purple within the plan.</b>
<b>Audits to be Deferred</b>	Medium priority audits deferred. <b>These audits are highlighted in green within the plan.</b>

Mae'r dudalen hon yn wag yn bwrpasol

# Eitem ar gyfer y Rhaglen 14



## GOVERNANCE AND AUDIT COMMITTEE

<b>Date of Meeting</b>	Wednesday, 10 <sup>th</sup> April 2024
<b>Report Subject</b>	Action Tracking
<b>Report Author</b>	Internal Audit, Performance and Risk Manager
<b>Category</b>	Advisory

### EXECUTIVE SUMMARY

The report shows the action points from previous Governance and Audit Committee meetings and the progress made in completing them. The majority of the requested actions have been completed, with some still outstanding. They will be reported back to a future meeting.

### RECOMMENDATIONS

1	The Committee is requested to accept the report.
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### REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE ACTION TRACKING REPORT</b>
1.01	In previous meetings, requests for information, reports or actions have been made. These have been summarised as action points. This paper summarises those points and provides an update on the actions resulting from them.  Full action tracking details within Appendix A.
<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	None as a result of this report.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	Action owners contacted to provide an update on their actions.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	None as a result of this report.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix A – Action Points.

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

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	None.



**GOVERNANCE AND AUDIT COMMITTEE – ACTION SHEET**

To be presented to Committee Wednesday 10 <sup>th</sup> April 2024					
Committee Date	Agenda No.	Report	Action Required	Responsible Officer	Action Taken
25 Jan 2023	57.	Drury Primary School - Finance Management follow-up	To advise the Committee when the final outstanding action has been completed.	L Brownbill	The school has supplied audit with a copy of the signed lease and the action has been marked as implemented and closed. This was the final outstanding action for this audit.
22 Mar 2023	67.	IA Strategic Plan	To share with the Committee the report on the investigation into the Cabinet meeting in Feb when available.	G Owens	This will be shared once the investigation report has been finalised.
14 Jun 2023	6.	AW review of Commissioning Older People's Care Home Placements	To share a follow-up report on progress with actions at a later stage.	J Davies	This will be provided to members when available.
22 Nov 2023	40	AGS 2022/23 mid-year progress	To include an extra column showing target risk scores and for the Risk Management Update to demonstrate how the scoring matrix is helping to show improvements.	L Brownbill	This will be included in the AGS report presented to committee in June.
22 Nov 2023	40	AGS 2022/23 mid-year progress	To revise the dashboard overview to more clearly show the total number of issues in the pie chart (p.3).	L Brownbill	This will be included in the AGS report presented to committee in June.
24 Jan 2024	54	Audit Wales report - Social Enterprise	To consider including timescales in the action plan in the next review.	N Waller	This will be considered at the next review in December 2024.
24 Jan 2024	55	Risk Management Update	<ol style="list-style-type: none"> <li>1) To consider the inclusion of long-term trend information on the dashboard for future reports.</li> <li>2) To reflect changes from operational to strategic risks in the framework, e.g. the amber red report on DBS checks.</li> <li>3) To clearly define the primary responsibility of Cabinet on risk management in the framework.</li> <li>4) To clarify the additional role of Gov &amp; Audit Committee in section 4 of the framework in respect of risk ownership.</li> <li>5) To develop wording within the framework on identifying positive consequences from</li> </ol>	L Brownbill E Heath	<ol style="list-style-type: none"> <li>1) This will be considered as part of the future dashboard reports for committee.</li> <li>2) This has been included within the revised framework within Section 4 Roles and Responsibilities</li> <li>3) As point 2 above</li> <li>4) As point 2 above</li> <li>5) This was already included within the framework and is referred to in Section 1 Introduction, Section 3.2 Risk Appetite, Section 4 Roles and Responsibilities and Section 5 Risk</li> </ol>

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**GOVERNANCE AND AUDIT COMMITTEE – ACTION SHEET**

To be presented to Committee Wednesday 10 <sup>th</sup> April 2024					
Committee Date	Agenda No.	Report	Action Required	Responsible Officer	Action Taken
			risks.		Management Process.
24 Jan 2024	55	Risk Management Update	Request for a future Member workshop arising from WG proposals on Out of County Placements.	N Cockerton G Owens	This will be action if required
24 Jan 2024	58	IA Progress Report	That a report be received at the next meeting relating to the position on the DBS service and urgent actions required to address the problems identified.	N Cockerton L Brownbill	An update to be provided at the next committee and an interim update provided via email to members 19.03.2024
24 Jan 2024	58	IA Progress Report	To remind Chief Officers of their responsibilities in reducing overdue audit actions.	N Cockerton	Whilst this takes place at each member this issue was raised again with officers.
24 Jan 2024	58	IA Progress Report	To respond to the Committee by email on: <ul style="list-style-type: none"> <li>Progress with arranging contracts with third party organisations in receipt of grant funding (Strategic Core Funding Amber/Red report).</li> <li>Confirming that schools are responsible for their own DBS checks.</li> </ul>	L Brownbill	This was shared via email to member on 25.03.2024.  Members were updated via email on the 19.03.2024.
24 Jan 2024	59.	Action Tracking	That the Internal Audit, Performance & Risk Manager follows up on the query raised by Cllr Parkhurst in respect of the anonymous allegations and reports back to the next meeting.	L Brownbill	This will be discussed at the next committee in a closed session
24 Jan 2024	59.	Action Tracking	To share an update with the Committee on the action from 22/03/23 re outcome of investigations into the Cabinet meeting.	G Owens	Please refer to action from the 22.03.2023

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## GOVERNANCE AND AUDIT COMMITTEE

<b>Date of Meeting</b>	Wednesday, 10 <sup>th</sup> April 2024
<b>Report Subject</b>	Forward Work Programme
<b>Report Author</b>	Internal Audit, Performance and Risk Manager
<b>Category</b>	Advisory

### EXECUTIVE SUMMARY

The Governance and Audit Committee presents an opportunity for Members to determine the Forward Work Programme of the Committee of which they are Members. By reviewing and prioritising the Forward Work Programme, Members are able to ensure it is Member-led and includes the right issues. A copy of the Forward Work Programme is attached at Appendix A for Members' consideration which has been updated following the last meeting.

The Committee is asked to consider, and amend where necessary, the Forward Work Programme for Governance and Audit Committee.

### RECOMMENDATION

1	That the Committee considers the draft Forward Work Programme and approve/amend, as necessary.
2	That the Internal Audit, Performance and 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.

### REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE FORWARD WORK PROGRAMME</b>
1.01	Items feed into a Committee's Forward Work Programme from a number of sources. Many items are standard every quarter, six months or annually, and Members can also suggest topics for review by the Committee. Items can also be referred by the Cabinet, County Council or Chief Officers.

1.02	<p>In identifying topics for future consideration, it is useful for a 'test of significance' to be applied. This can be achieved by asking a range of questions as follows:</p> <ol style="list-style-type: none"> <li>1. Will the review contribute to the Council's priorities and/or objectives?</li> <li>2. Is it an area of major change or risk?</li> <li>3. Are there issues of concern in governance, risk management or internal control?</li> <li>4. Is it relevant to the financial statements or financial affairs of the Council?</li> <li>5. Is there new government guidance or legislation?</li> <li>6. Is it prompted by the work carried out by Regulators/Internal Audit?</li> </ol>																
1.03	<p>Following the Committee meeting in January there have been some changes to the forward work programme. This is either due to new external regulatory reports being scheduled to be presented to Governance and Audit Committee or at the request of the report author to delay the report.</p>																
	<table border="1"> <thead> <tr> <th data-bbox="882 752 1142 857">Report Title</th> <th data-bbox="1150 752 1294 857">Reason for Movement</th> <th data-bbox="1302 752 1428 857">Original Date</th> <th data-bbox="1433 752 1436 857">New Report Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="882 864 874 969">Audit Wales – Together we can - Community resilience and self-reliance Report</td> <td data-bbox="882 864 1142 969">New External Regulatory Report</td> <td data-bbox="1150 864 1294 969">-</td> <td data-bbox="1302 864 1428 969">June 2024</td> </tr> <tr> <td data-bbox="882 976 874 1081">Audit Wales – Use of performance information: Service user perspective and outcomes</td> <td data-bbox="882 976 1142 1081">New External Regulatory Report</td> <td data-bbox="1150 976 1294 1081">-</td> <td data-bbox="1302 976 1428 1081">June 2024</td> </tr> <tr> <td data-bbox="882 1088 874 1151">Audit Wales - Annual Plan</td> <td data-bbox="882 1088 1142 1151">Request to move the report</td> <td data-bbox="1150 1088 1294 1151">April 2024</td> <td data-bbox="1302 1088 1428 1151">July 2024</td> </tr> </tbody> </table>	Report Title	Reason for Movement	Original Date	New Report Date	Audit Wales – Together we can - Community resilience and self-reliance Report	New External Regulatory Report	-	June 2024	Audit Wales – Use of performance information: Service user perspective and outcomes	New External Regulatory Report	-	June 2024	Audit Wales - Annual Plan	Request to move the report	April 2024	July 2024
Report Title	Reason for Movement	Original Date	New Report Date														
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Audit Wales – Use of performance information: Service user perspective and outcomes	New External Regulatory Report	-	June 2024														
Audit Wales - Annual Plan	Request to move the report	April 2024	July 2024														

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
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2.01	None as a result of this report.
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<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
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3.01	Both the Chair and Vice-Chair were consulted prior to the meeting and publication of this report also constitutes consultation.
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<b>4.00</b>	<b>RISK MANAGEMENT</b>
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4.01	None as a result of this report.
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<b>5.00</b>	<b>APPENDICES</b>
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5.01	Appendix A - Draft Forward Work Programme.
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<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p>None.</p> <p><b>Contact Officer:</b> Lisa Brownbill Internal Audit, Performance and Risk Manager</p> <p><b>Telephone:</b> 01352 702231</p> <p><b>E-mail:</b> <a href="mailto:lisa.brownbill@flintshire.gov.uk">lisa.brownbill@flintshire.gov.uk</a></p>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Governance</b> - 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><b>Risk Management</b> - 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> <p><b>Internal Control</b> - Appropriate procedures and processes are in place to mitigate any risk which may prevent the organisation from achieving its objectives and service delivery.</p> <p><b>Financial Management</b> - The planning, organising, directing and control of the financial activities of the Council to ensure sufficient resources are available to delivery its intended outcomes.</p> <p><b>Audit Wales</b> - 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>

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Area	10 April 2024	26 June 2024	24 July 2024	September 2024	November 2024	January 2024
Pre-Committee Training 9.30-10.00	Annual Governance Statement	Draft Statement of Accounts				
Audit Wales (AW)	Assurance and Risk Assessment Review Report (ARR 2021-22)	Annual Audit Summary 2022/23				
	AW Report (s) in conjunction with Senior Officer Updates	AW Report (s) in conjunction with Senior Officer Updates	Audit Plan AW 2023			
Internal Audit	Internal Audit Strategic Plan 2024/2027	Internal Audit Annual Report 2023/24				
	Internal Audit Progress Report 2023/24	Internal Audit Progress Report 2024/25		Internal Audit Progress Report 2024/25		Internal Audit Progress Report 2024/25
	Public Sector Internal Audit Standards Self- Assessment	Internal Audit Charter				
Governance & Risk Management		Draft Annual Governance Statement			Annual Governance Statement Mid-Year review	Code of Corporate Governance
	GAC Self-Assessment	GAC Self-Assessment Action Plan Review			Governance and Audit Committee Annual Report	
	Annual Report on External Inspections 2023-24					
				Draft Corporate Self-Assessment Report		
		Risk Management Update				Risk Management Update and Framework
	GAC Action Tracking Forward Work Programme	GAC Action Tracking Forward Work Programme		GAC Action Tracking Forward Work Programme	GAC Action Tracking Forward Work Programme	GAC Action Tracking Forward Work Programme
Performance					Corporate Complaints and Compliments Annual Report 2022/23	
					Public Service Ombudsman for Wales Annual Letter	
				Corporate Self-Assessment Draft Report		
Finance			Draft Statement of Accounts 2023/24	School Reserves – Annual Report on School Balances		
	Statement of Accounts 2022/23		Certification of Grants and Returns Report (AW)		Statement of Accounts 2023/24	
			Supp Financial Information to Draft Statement of Accounts 2023/24		Asset Disposals and Capital Receipts	
Treasury Management	Treasury Management 2023/24 Q4 Update		Treasury Management Q1 2024/25 Update and Annual Report 2023/24		Treasury Management Q2 2024/25 – Mid Year Report	Treasury Management Q3 2024/25 and 2025/26 Strategy
Senior Officer Updates (AW Reports, Op Matters / Key Risks / Other)	AW – Homelessness Prevention Report	AW - Together we can - Community resilience and self-reliance Report				Audit Action Update – Housing & Communities
	Service update on DBS Report	AW - Use of performance information: Service user perspective and outcomes				AW – Social Enterprises Report
Meeting Following GAC	Private Meeting with Committee, Internal and External Audit					

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Report to be include in the FWP once date finalised with the Service Manager: Partners / Collaborations, Major Projects, Information Security & Health & Safety Control Arrangements

**Matters to be address outside of formal Committee meetings**

<p><b>Governance and Audit Committee</b></p> <ul style="list-style-type: none"> <li>Budget Workshops for members – 2023/2024</li> <li>Treasury Management Training – 8 December 2023</li> <li>Annual Self-Assessment Workshop – 8 February 2024</li> <li>AGS / CSA Workshop – April / May 2024</li> <li>Private Meeting (AW and Internal Audit) – April 2024</li> <li>Training and Development sessions - Ongoing</li> </ul>	<p><b>General</b></p> <ul style="list-style-type: none"> <li>Correspondence, updates to actions and reports for information purposes</li> <li>Time sensitive consultation</li> <li>In person / video meetings as and when necessary</li> </ul>
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Mae'r dudalen hon yn wag yn bwrpasol