

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: Allan Rainford (Cadeirydd)

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

Aelodau Cyfetholedig:

Sally Ellis a Brian Harvey

17 Ionawr 2024

Annwyl Gynghorydd

RHYBUDD O GYFARFOD RHITHIOL
PWYLLGOR LLYWODRAETHU AC ARCHWILIO
DYDD MERCHER, 24AIN IONAWR, 2024 AM 10.00 AM

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 22 Tachwedd 2023.

4 CAMAU ARCHWILIO HEB EU CWBLHAU (Tudalennau 13 - 32)

Adroddiad Rheolwr Archwilio Mewnol, Perfformiad a Rheoli Risg -

Pwrpas: Rhoi'r wybodaeth ddiweddaraf i Aelodau, fel y gofynnwyd, am gynnydd camau archwilio heb eu cwblhau yn yr adran Tai a Chymuned.

5 ADRODDIAD ARCHWILIO CYMRU - MENTER GYMDEITHASOL (Tudalennau 33 - 70)

Adroddiad Prif Swyddog (Cynllunio, Amgylchedd ac Economi) -

Pwrpas: Darparu diweddariad ar gamau gweithredu yn dilyn cael Adroddiad Archwilio Cymru ar Fenter Gymdeithasol.

6 DIWEDDARIAD RHEOLI RISG (Tudalennau 71 - 122)

Adroddiad Rheolwr Archwilio Mewnol, Perfformiad a Rheoli Risg -

Pwrpas: I gael sicrwydd bod y fframwaith rheoli risg diweddaraf yn gynhwysfawr ac yn weithredol.

7 COD LLYWODRAETHU CORFFORAETHOL (Tudalennau 123 - 152)

Adroddiad Rheolwr Archwilio Mewnol, Perfformiad a Rheoli Risg -

Pwrpas: Cadarnhau'r adolygiad o'r Cod Llywodraethu Corfforaethol.

8 **STRATEGAETH RHEOLI TRYSORLYS 2024/25 A DIWEDDARIAD
CHWARTER 3 2023/24** (Tudalennau 153 - 194)

Adroddiad Rheolwr Cyllid Corfforaethol -

Pwrpas: (1) Cyflwyno Strategaeth Rheoli Trysorlys drafft 2024/25 i'r Aelodau er mwyn derbyn eu sylwadau a'u hargymhellion cyn ei chyflwyno i'r Cabinet ei chymeradwyo (2) Darparu'r wybodaeth ddiweddaraf ar faterion yn ymwneud â Pholisi, Strategaeth ac Arferion Rheoli Trysorlys y Cyngor hyd at ddiwedd mis Rhagfyr 2023.

9 **ADRODDIAD CYNNYDD ARCHWILIO MEWNOL** (Tudalennau 195 - 256)

Adroddiad Rheolwr Archwilio Mewnol, Perfformiad a Rheoli Risg -

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

10 **OLRHAIN GWEITHRED** (Tudalennau 257 - 262)

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.

11 **RHAGLEN GWAITH I'R DYFODOL** (Tudalennau 263 - 268)

Adroddiad Rheolwr Archwilio Mewnol, Perfformiad a Rheoli Risg -

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

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

Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 3

GOVERNANCE AND AUDIT COMMITTEE **22 NOVEMBER 2023**

Minutes of the Governance and Audit Committee of Flintshire County Council held as a remote attendance meeting on Wednesday, 22 November 2023

PRESENT: Allan Rainford (Chair)

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

Co-opted members: Sally Ellis and Brian Harvey

APOLOGIES: Councillor Ian Roberts (Leader of the Council) and Corporate Manager (Capital Programme & Assets)

IN ATTENDANCE: Councillor Paul Johnson (Cabinet Member for Finance, Inclusion & Resilient Communities), Councillor Billy Mullin (Cabinet Member for Governance & Corporate Services), Chief Executive, Chief Officer (Governance), Internal Audit, Performance & Risk Manager, Corporate Finance Manager, Strategic Finance Manager and Democratic Services Officer

Carwyn Rees and Charles Rigby from Audit Wales

For minute number 39

Rebecca Jones - Customer Contact Service Manager

Matthew Harris - Head of the Complaints Standards Authority

For minute number 43

Vicky Clark - Chief Officer (Housing & Communities)

Martin Coolil - Housing & Prevention Services Manager (and minute number 40)

Paul Calland - Strategic Housing & Programme Delivery Manager

37. DECLARATIONS OF INTEREST

None.

38. MINUTES

The minutes of the meeting held on 27 September 2023 were approved, as moved and seconded by Councillors Bernie Attridge and Linda Thomas.

RESOLVED:

That the minutes be approved as a correct record.

39. PUBLIC SERVICES OMBUDSMAN FOR WALES ANNUAL LETTER 2022-23 AND COMPLAINTS MADE AGAINST FLINTSHIRE COUNTY COUNCIL DURING THE FIRST HALF OF 2023-24

The Customer Contact Service Manager introduced the report on the Public Services Ombudsman for Wales (PSOW) Annual Letter which summarised the

Council's performance on complaints investigated during 2022-23. The report also included an overview of complaints received by each portfolio during the first half of 2023-24.

In general, this was a positive report showing a decrease in the number of complaints made against the Council since 2021-22, with the vast majority being closed due to being either premature, rejected or withdrawn by the complainant. Of the 65 complaints received, only five cases required intervention by the PSOW, all of which resulted in early resolution. Improvements to the process were detailed along with the Council's involvement in the PSOW 'own initiative' investigation. A summary of performance for the first half of 2023-24 showed a slight increase in the number of complaints and evidence of improved complaints handling across the Council. Further opportunities for improvement were being progressed through the establishment of a complaints officer group, ongoing workforce training programmes and the development of a toolkit on managing customer contact for schools and elected Members.

Matthew Harris, Head of the Complaints Standards Authority, was in attendance and thanked the Service Manager for the detailed report which demonstrated positive intervention rates and awareness of complaints. In response to a question from the Chair, he gave examples of the types of premature and rejected complaints by the PSOW.

Sally Ellis welcomed the progress made by the Council. On the analysis of complaints appended to the report, she said that the Committee should be given assurance that actions identified for employees were being fed into the performance and development process and that lessons learned were helping to inform preparation of the Annual Governance Statement or Corporate Plan. The Service Manager agreed to feedback these points to the complaints officer group.

In response to Councillor Glyn Banks's comments on areas with high numbers of complaints, it was explained that the officer group would ensure that actions identified from complaints would be extracted to improve services. As requested, Matthew Harris provided clarification on the 'own initiative' investigation which was the second investigation of this type initiated by the PSOW office.

In response to a question from the Chair, background was shared on some of the future priorities identified in the report.

Following a suggestion by Brian Harvey, the recommendations were amended to reflect the debate, as moved and seconded by Councillors Glyn Banks and Ted Palmer.

RESOLVED:

- (a) That the Committee notes the improving annual performance of the Council in respect of complaints made to the Public Services Ombudsman for Wales during 2022-23;

- (b) That the Committee notes the half year performance of the Council (2023-24) in respect of complaints made to services in line with the concerns and complaints procedure;
- (c) That the Committee supports the priorities outlined in paragraph 1.24 to continuously improve complaints handling; and
- (d) That the Committee notes the lessons learned from the developing complaints procedure.

40. ANNUAL GOVERNANCE STATEMENT 2022/23 MID-YEAR PROGRESS REPORT

The Chief Executive presented a mid-year progress report on the areas of improvement set out in the Annual Governance Statement (AGS) for 2022/23. Detailed analysis of progress against the significant Governance and Strategic issues identified in the AGS were appended to the report.

The Internal Audit, Performance & Risk Manager advised that the five significant Governance issues remained open as expected and that progress would be reflected in the AGS for 2023/24 along with the Corporate Self-Assessment. Further progress on the significant Strategic issues would form part of the Risk Management update to be shared at the next meeting.

The Chair asked for clarity on the implications of risks relating to the Council's statutory obligations on homelessness. In highlighting the significant financial pressures and housing challenges nationwide, the Housing & Prevention Services Manager advised that a recent report to Cabinet had set out options for mitigating the risks for Flintshire. He provided background on the reduction of grant funding and forthcoming legislation to reduce homelessness. The findings from a recent review on homeless prevention services by Audit Wales would be shared at a future meeting.

Sally Ellis acknowledged the work being carried out by the Council on homelessness. As suggested, future reports would incorporate an additional column on target risk scores and the impact of the scoring matrix would be reflected in the next Risk Management update.

Councillor Bernie Attridge welcomed the work being done to reduce the homeless risks as reported to Cabinet and Overview & Scrutiny.

As requested by Brian Harvey, the Chief Executive provided an update on various workstreams to help with ongoing recruitment challenges.

Suggestions by Councillor Glyn Banks on the dashboard overview were noted by officers for future reference.

The recommendation was moved and seconded by Councillor Ted Palmer and Brian Harvey.

RESOLVED:

That the Annual Governance Statement 2022/23 Mid-year Progress Report be accepted.

41. TREASURY MANAGEMENT MID-YEAR REVIEW 2023/24 AND QUARTER 2 UPDATE

The Strategic Finance Manager presented the draft Treasury Management mid-year report for 2023/24 for recommendation to Cabinet, together with an update on Quarter 2 activities for information.

A summary of key areas reflected the impact of changes to interest rates along with information on borrowing and debt management during the period. The quarterly update detailed the position on investments and borrowing at the end of September 2023, together with a reminder of the annual refresher training session on 8 December.

The Chair welcomed the additional investment income as a result of improved interest rates which helped to support the Council's overall financial position. In response to a question on the impact of resource challenges, the Corporate Finance Manager provided an update on changes within the Finance team and advised that there were no immediate risks to the treasury management function.

The recommendation was moved and seconded by Councillors Bernie Attridge and Andrew Parkhurst.

RESOLVED:

That the Committee notes the draft Treasury Management Mid-Year Report 2023/24 and confirms there are no matters to be drawn to the attention of Cabinet at its meeting in December.

42. ASSET DISPOSALS AND CAPITAL RECEIPTS GENERATED 2022/23

The Chief Executive presented the annual report summarising land disposals and realisation of capital receipts during 2022/23 with comparison data from previous years shown.

As requested by the Chair, he provided information on reporting arrangements for determining asset disposals.

When asked by Councillor Andrew Parkhurst about achieving best value, the Chief Executive spoke about consideration of independent valuation advice in conjunction with the services of in-house qualified valuation officers. As requested, details of the disposals summarised in the appendix would be shared with the Committee on a confidential basis.

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

RESOLVED:

That the report be noted.

43. AUDIT ACTIONS OUTSTANDING

The Internal Audit, Performance & Risk Manager presented the report on progress with outstanding portfolio audit actions which had been open for a period of time or overdue, as requested at the previous meeting. Follow-up work on the audits would not take place at the current time due to the status of actions, as shown on the appendix. The actions related to audit work in Streetscene & Transportation and Housing & Communities.

In attendance were Vicky Clark (Chief Officer, Housing & Communities), Martin Cooil (Housing & Prevention Services Manager) and Paul Calland (Strategic Housing & Programme Delivery Manager).

The Chair provided background on the Committee's concerns arising from slow progress on long-standing actions. He and Councillor Bernie Attridge made reference to a lack of evidence needed to close down some actions on Maes Gwern Contractual Arrangements.

Paul Calland provided detailed explanation on the delays and confirmed that final costs for the project had been received and checked by the team. Whilst work on the overage framework and agreement for abnormal costs was not yet completed, information on checking processes would be shared with Internal Audit within the next two months. In relation to the verification data from the contractor, a further meeting was scheduled to finalise the claim for abnormal costs.

In response to Councillor Attridge's queries on outstanding actions for Homelessness & Temporary Accommodation, Martin Cooil advised that a recent report to the Community & Housing Overview & Scrutiny Committee had cited reasons including resources, workforce resilience and emerging issues such as legislative changes. A brief update was given on plans to identify alternative emergency accommodation and to review the offer to private landlords, as detailed in the recent Cabinet report. He acknowledged that some actions noted as completed had been impacted by significant resource pressures as demand for services increased. He envisaged that the audit actions within his service would be completed by the end of the financial year, however this was subject to the ongoing availability of ICT support.

Councillor Attridge questioned whether the projected completion dates were achievable, given the number of actions to be completed. Martin Cooil gave assurance that significant progress had been made on the vast majority of actions and that more work was needed to embed principles within documented procedures and policies.

Sally Ellis acknowledged the pressures on the homelessness service. She queried the lack of focus on the performance management infrastructure and ICT issues, given their prominence in the Annual Governance Statement. Martin Cooil explained that improvements in the capturing of performance data had been identified as one of the actions, as ICT resources had been prioritised to respond to changes in Welsh Government reporting requirements. He anticipated that with continuing ICT support, the actions would be completed by year end.

Brian Harvey queried whether the limitations on ICT support affected other services. The Chief Officer (Governance) said that whilst resources were prioritised accordingly, there were significant challenges due to increased demand for support, recruitment issues and reduced budgets as a result of the Council's financial challenges.

When asked by Councillor Allan Marshall, Martin Cooil advised that procedural notes currently documented would be updated to reflect new practices once the ICT improvements were implemented. He said that Members were able to raise any specific queries directly with him.

Following the debate, the Chair thanked the Housing officers for their attendance. His suggestion that a further report be received at the next meeting was moved and seconded by Councillors Bernie Attridge and Andrew Parkhurst.

RESOLVED:

- (a) That the report and appendix be accepted; and
- (b) That a further report be scheduled for January 2024 to update the Committee on progress with outstanding audit actions.

44. GOVERNANCE & AUDIT COMMITTEE ANNUAL REPORT

The Chair introduced the Committee's Annual Report for 2022/23 for endorsement prior to submission for approval at Council. In meeting best practice requirements, the Annual Report would provide assurance to the Council on demonstrating specific areas of accountability.

In highlighting the main areas, the Chair thanked the Internal Audit, Performance & Risk Manager for her work on the report in aligning topics to the Committee's terms of reference. He said that increases in reviews and requests for information during the period demonstrated the effectiveness of the Committee's role. On the forward work programme, he advised that a workshop would be arranged for January for the Committee to prepare for the self-assessment in March.

Councillor Andrew Parkhurst referred to the Chair's foreword and suggested that various concerns raised by the Committee during the year could be reflected in the final sentence.

The Chair said it was appropriate that any significant issues on governance, controls and risk management arrangements which formed part of the Internal Audit opinion should be highlighted to Council. However, he acknowledged the point that ongoing issues such as missed deadlines remained a key concern for the Committee and that he could liaise with the Internal Audit Manager to incorporate some appropriate wording in the foreword.

Following support on this approach, the recommendation was moved and seconded by Sally Ellis and Councillor Bernie Attridge.

RESOLVED:

That, subject to the inclusion of a sentence to be agreed with the Chair, the Annual Report for 2022/23 be endorsed prior to its submission to Council for approval on 6 December 2023.

45. ACTION TRACKING

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

As requested by Councillor Bernie Attridge, the Chief Officer (Governance) agreed to share a summary of the discussion with Councillor Andrew Parkhurst on officers' interests with the rest of the Committee.

The recommendation was moved and seconded by Councillor Glyn Banks and Brian Harvey.

RESOLVED:

That the report be accepted.

46. FORWARD WORK PROGRAMME

In presenting the current Forward Work Programme for consideration, the Internal Audit, Performance & Risk Manager advised that the annual self-assessment workshop would be arranged for January following circulation of a questionnaire.

The recommendations were moved and seconded by Sally Ellis and Brian Harvey.

RESOLVED:

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

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

Exclusion of the press and public was moved and seconded by Councillor Bernie Attridge and Sally Ellis.

RESOLVED:

That the press and public be excluded from the meeting as the following item was considered to be exempt by virtue of paragraphs 14 and 18 of Part 4 of Schedule 12A of the Local Government Act 1972 (as amended).

48. REPORT ON THE INVESTIGATION TO ANONYMOUS ALLEGATIONS RECEIVED

The Internal Audit, Performance & Risk Manager presented a report on the outcome of an investigation into anonymous allegations received by two elected Members. The investigation had been carried out in accordance with the Council's Whistleblowing Policy and Fraud Reporting procedure.

In response to questions, officers advised that no evidence of fraudulent activity had been found and therefore the allegations were unproven. Further information could not be sought due to the source choosing to remain anonymous.

Following a supplementary question, it was explained that the officer who had undertaken the investigation had since left the Council. Officers agreed to respond separately to a request for supplementary information.

Having been moved and seconded by Sally Ellis and Brian Harvey, the recommendation was put to the vote and carried. Councillors Bernie Attridge (against) and Glyn Banks (abstained) asked that their votes be recorded.

RESOLVED:

That the report be accepted.

49. ATTENDANCE BY MEMBERS OF THE PRESS AND PUBLIC

There was one member of the public in attendance.

(The meeting started at 10am and finished at 12.55pm)

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Chair

Eitem ar gyfer y Rhaglen 4



GOVERNANCE AND AUDIT COMMITTEE

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|------------------------|--|
| Date of Meeting | Wednesday, 24 th January 2024 |
| Report Subject | Audit Action Tracking Outstanding |
| Report Author | Internal Audit, Performance and Risk Manager |
| Category | Advisory |

EXECUTIVE SUMMARY

In November 2023, Governance and Audit Committee received, at their request, a separate action tracking report on the outstanding audit actions within Housing & Community Portfolio. This report highlighted the what the portfolio intended to do to close these actions down.

Based on the information provided to committee, a further action tracking report was requested by committee for January 2024.

RECOMMENDATIONS

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| 1 | The Committee is requested to accept the report and Appendix A. |
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REPORT DETAILS

| | |
|-------------|---|
| 1.00 | EXPLAINING THE OUTSTANDING AUDIT ACTIONS REPORT |
| 1.01 | <p>During the Governance and Audit Committee in September 2023 members discussed the outstanding audit actions as part of the Internal Audit Progress report. The review placed focus on those actions which have been open for a period or overdue.</p> <p>To provide assurance to committee members it was requested an update report be prepared for November 2023 by Housing & Community in relation to the following actions:</p> <p>Housing & Community:</p> |

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|------|---|
| | <ul style="list-style-type: none"> ▪ Maes Gwern ▪ Homelessness and Temporary Accommodation ▪ SARTH ▪ Housing Demand <p>Based on the outcome of this report, a further report was request by committee to be presented at their January 2024 committee. This can be found in Appendix A.</p> |
| 1.02 | No actions have been closed since the last report to committee. Some documentation has been provided for Maes Gwern actions however due to the timing of this Internal Audit were unable to examine these. It is understood documentation to support the closure of Temporary Accommodation actions will be provided to Internal Audit. |

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

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| 3.00 | CONSULTATIONS REQUIRED / CARRIED OUT |
| 3.01 | Action owners contacted to provide an update on their actions. |

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| 4.00 | RISK MANAGEMENT |
| 4.01 | None as a result of this report. |

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| 5.00 | APPENDICES |
| 5.01 | Appendix A – Audit Actions Outstanding – Maes Gwern Appendix B – Audit Actions Outstanding – Temporary Accommodation |

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|-------------|---|
| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
| 6.01 | <p>1) Housing and Community OSC – 11 Oct 2023 – Temporary Accommodation and Homelessness Audit Report:</p> <p>https://committeemeetings.flintshire.gov.uk/documents/s500002767/Temporary%20Accommodation%20Homelessness%20Audit%202021%20Findings%20Report.pdf?LLL=0</p> <p>Contact Officer: Lisa Brownbill, Internal Audit, Performance and Risk Manager Telephone: 01352 702231 E-mail: lisa.brownbill@flintshire.gov.uk</p> |

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|-------------|--------------------------|
| 7.00 | GLOSSARY OF TERMS |
| 7.01 | None. |

Mae'r dudalen hon yn wag yn bwrpasol

Portfolio: Housing and Community

Tudalen 17

| URN / Priority | Control Issue | Agreed Action / Recommendation (R) | Due Date | Revised Due Date | Service Update to Governance and Audit Committee |
|----------------|--|--|-----------|------------------|--|
| 3140 | 21/22 Maes Gwern Contractual Arrangement- Overage sum calculation not being monitored as per the development agreement | A process to be introduced to monitor the overage sum in line with the agreed calculation stated in the overarching agreement. | 29-Oct-21 | 31-Jul-23 | <p>GAC 22 November 2023 The review group of housing, finance and QS reviewed the development framework and recognised that the overage agreement specified in the documents was not the key focus, and that reliance in the sales receipt records between forecast and actual sales data was being relied upon incorrectly.</p> <p>Useful as this data was, the overage calculation formula was the proper focus of attention. It was also recognised that this calculation could only be completed at the end of the process. We still await that final data from the developer.</p> <p>GAC – 24 January 2024 Team still awaiting data from Wates to complete the analysis based on the formula set out in the contract. The nature of the formula makes it unlikely that overage will be applicable.</p> |
| 3159 | 21/22 Maes Gwern Contractual Arrangements- Changes to unit type have an impact on capital receipts | 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. | 29-Oct-21 | 30-Jun-23 | <p>GAC 22 November 2023 A group from Finance, QS services and housing was set up, chaired by the SHARP project manager. A process was set up to monitor overseen by the SHARP project manager to identify any changes to the property types by cross referencing the property schedule of property types recorded in the original planning documents to the schedule of property types recoding sales receipts. One house type was identified as having changed its internal layout following a non-material alteration approved by planning. No discrepancies in house types have been identified.</p> <p>Completed</p> <p>GAC 24 January 2024</p> |

| URN / Priority | Control Issue | Agreed Action / Recommendation (R) | Due Date | Revised Due Date | Service Update to Governance and Audit Committee |
|----------------|---|--|-----------|------------------|--|
| | | | | | <p>Documentation provided to Internal Audit on 16.01.2024 as part of this report has not been examined.</p> <p>Data Process Checking owner Paul Calland 3159</p> <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 Chris Taylor</p> <p>Documentation provided to IA on 16.01.2024 shows</p> <ol style="list-style-type: none"> 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. 2) the average daily interest rate for each day. 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. |
| 3174 | <p>21/22 Maes Gwern Contractual Arrangements- The finance process in place to monitor capital receipts is not adequate.</p> | <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. Identified changes to capital receipts should be escalated to the Chief Officer of Housing and Assets.</p> | 29-Oct-21 | 31-Jul-23 | <p>GAC 22 November 2023</p> <p>The review group ensured that the recording of sales receipts was refined in line with the terms of the development agreement. Finance identified various minor discrepancies to receipts and a process was developed for recording and checking outstanding amounts due with the contractor. This included recording the date of the sale and the date of the receipt of the payments due. This in turn enabled a claim to be formulated using criterion from the agreement to calculate interest due to FCC for late payment.</p> <p>As previously reported the risk to not receiving the full amount due seemed unlikely, so escalation to the Chief Officer was not necessary.</p> |

| URN / Priority | Control Issue | Agreed Action / Recommendation (R) | Due Date | Revised Due Date | Service Update to Governance and Audit Committee |
|----------------|---------------|------------------------------------|----------|------------------|---|
| Tudalen 19 | | | | | <p>All properties for private sale have been sold, and all receipts due received by FCC and the £2.85 million receipts achieved. A small sum of over- payment has been identified and a forthcoming meeting with Wates set up to correct this error.</p> <p>Completed</p> <p>GAC 24 January 2024 Documentation provided to Internal Audit on 16.01.2024 as part of this report has not been examined.</p> <p>Payment schedule attached / process owner Chris Taylor & Paul Calland</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 actual amount expected, which reduces the overpayment to £17,610. This is the amount Wates are stating is for late interest payments.</p> |

| URN / Priority | Control Issue | Agreed Action / Recommendation (R) | Due Date | Revised Due Date | Service Update to Governance and Audit Committee |
|----------------|---|--|-----------|------------------|---|
| 3137 | 21/22 Maes Gwern Contractual arrangements- The Abnormal costs being tracked for the development are not in line with the development agreement. | Abnormal costs to be tracked in line with the figure stated in the Development Agreement. Impact to be assessed whether abnormal costs will be met. | 29-Oct-21 | 31-Jul-23 | <p>GAC 22 November 2023 The review group has continued to monitor the build-up of 'abnormal' costs as this could in theory affect the land valuation figure. The figure used to do this is the £2.4 million drawn from the development agreement.</p> <p>Completed</p> <p>As reported previously a final claim for abnormal cost was received earlier this year. Verification data from the contractor is still awaited to vet and analyse. Meeting due 17th November.</p> <p>GAC 24 January 2024 Documentation and figures provided to Internal Audit on 16.01.2024 as part of this report have not been examined.</p> <p>Process Owner 3137 Howard Parsonage / Paul Calland</p> <p>Re: abnormal costs affecting land value - as discussed and outstanding substantiation awaited</p> |
| 3160 | 21/22 Maes Gwern Contractual arrangements- roles and responsibilities have not been fully defined | A full review to be completed by the newly appointed SHARP Project Manager to ensure contractual requirements are being met and roles and responsibilities have been defined | 29-Oct-21 | 31-Jul-23 | <p>GAC 22 November 2023 A full review has been delayed awaiting the final completion of the sales data (now complete), the overage calculation (data from the contractor) and the abnormal cost.</p> <p>The completion of the highways adoption and play area remain outstanding but should be finished soon.</p> <p>GAC 24 January 2024 Revised report February / March 2024</p> |

Portfolio: Housing and Community

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| URN / Priority | Control Issue | Agreed Action / Recommendation (R) | Due Date | Revised Due Date | Service Update to Governance and Audit Committee January 2023 |
|----------------|--|---|-----------|------------------|--|
| 3234 | Homelessness & Temporary Accommodation 21/22- A homelessness/Temporary accommodation policy is not in place. | <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> | 30-Dec-22 | 31-Mar-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 & Prevention Service and separation of Temporary Accommodation management from the Homeless Team functions:</p> <ul style="list-style-type: none"> • Additional Temporary Accommodation Officer now in post and Restructure continues in relation to Job Evaluation <p>Develop Homeless Accommodation Policy</p> <ul style="list-style-type: none"> • Homeless Accommodation Policy now in place and to be shared with Audit Team for review 17/01/2024. |
| 3237 | Homelessness & Temporary Accommodation 21/22- Processes are not adequate to deal with increase in demand. | <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</p> | 31-Mar-23 | 30-Jun-24 | <p>Further to the update provided to Governance and Audit Committee in November 2023, further progress is outlined below:</p> <p>Develop procedures for repairs and maintenance of Temporary Accommodation and ensure processes in place for:</p> <ul style="list-style-type: none"> ○ property inspections ○ repairs for service ○ repairs for landlords ○ health & safety compliance |

| URN / Priority | Control Issue | Agreed Action / Recommendation (R) | Due Date | Revised Due Date | Service Update to Governance and Audit Committee January 2023 |
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| | | <p>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 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> | | | <ul style="list-style-type: none"> • 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. • Procedures and staff guidance notes in place and will be shared with Audit Team w/c 22/01/2024. <p>Develop procedures relating to Void Management for Temporary Accommodation including Service Level Agreement as required with:</p> <ul style="list-style-type: none"> ○ FCC Housing Assets Service ○ Cleaning contracts <ul style="list-style-type: none"> • 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. • Procedures and staff guidance notes in place and will be shared with Audit w/c 22/01/2024. • Opportunities to engage Newydd as Cleaning Contractor being explored in response to challenges with current provider. <p>Develop procedures relating to Repairs for Temporary Accommodation including Service Level Agreement as required with:</p> <ul style="list-style-type: none"> ○ FCC Housing Assets Service ○ Cleaning contracts ○ Fire Safety Services ○ Leased Landlords <ul style="list-style-type: none"> • 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. • Procedures and staff guidance notes in place and will be shared with Audit w/c 22/01/2024. |

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| | | | | | <p>Review reasons for refusal of permanent accommodation and develop process to manage 'unreasonable refusals'</p> <ul style="list-style-type: none"> • Suitability Checklist now in place along with Direct Lets Nomination Form and shared with Audit Team 17/01/2024 for review. • Clear process for Homeless Direct Lets now in place with dedicated officer leading the matching process and shared with Audit Team 17/01/2024 for review. • Nominations report and suitability assessment requiring management sign off in place and process documented and shared with Audit Team 17/01/2024 for review. <p>Develop clear processes for Renewal and Review of Leases for the Temporary Accommodation portfolio.</p> <ul style="list-style-type: none"> • Process for Renewal of Leases documented and being applied and documents shared with Audit Team 17/01/2024 for review. <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"> • Memorandum of Understanding for HRA used as Temporary Accommodation to be signed off w.c. 29/01/2024 • 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 31st March 2024. <p>Develop Policy for Income Management relating to the Temporary Accommodation Portfolio to include:</p> <ul style="list-style-type: none"> ○ Rent Collection ○ Service Charge Collection |

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| | | | | | <ul style="list-style-type: none"> ○ Arrears management ○ Income Maximisation and Support ○ Arrears Write Off <ul style="list-style-type: none"> • 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. <p>Develop “Homeless Accommodation – Temporary and Emergency Policy” for the Homeless Service</p> <ul style="list-style-type: none"> • Homeless Accommodation Policy complete and shared with Audit Team 17/01/2024 for review. • 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. <p>Complete full “end to end temporary 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"> • To be completed in when all back office system functionality in place. To be completed by end June 2024. |
| 3255 | Homelessness & Temporary Accommodation 21/22- Management information is not available or unreliable to monitor the achievement of the Homelessness | <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 Management Process. Information to be timely reviewed to identify and address process impediments/ opportunities for</p> | 30-Jun-22 | 31-Mar-24 | <p>Further to the update provided to Governance and Audit Committee in November 2023, further progress is outlined below:</p> <p>Improve and enhance excel spreadsheet to capture all information in relation to temporary accommodation.</p> <ul style="list-style-type: none"> • Spreadsheets updated for data capture and available for Audit Team review end January 2024 • Additional tabs on spreadsheets for collection of data relating to Performance Information for length of stay and available for Audit Team review end January 2024 |

| URN / Priority | Control Issue | Agreed Action / Recommendation (R) | Due Date | Revised Due Date | Service Update to Governance and Audit Committee January 2023 |
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| | Strategy and policy | <p>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"> • Migration over to the Back Office system for management of all forms of homeless accommodation to be completed end March 2024 • To complete training for all staff working on Back Office functionality for Temporary Accommodation staff once system implemented end of March 2024. • Performance Management dashboard scoped out and once functionality of Back Office complete dashboard data will be live end March 2024. <p>Review reasons for refusal of permanent accommodation and develop process to manage “unreasonable refusals”.</p> <ul style="list-style-type: none"> • Suitability Checklist now in place along with Direct Lets Nomination Form and shared with Audit Team 17/01/2024 for review. • Clear process for Homeless Direct Lets now in place with dedicated officer leading the matching process and shared with Audit Team 17/01/2024 for review. • Nominations report and suitability assessment requiring management sign off in place and process documented and shared with Audit Team 17/01/2024 for review. <p>Develop Policy for Income Management relating to the Temporary Accommodation Portfolio to include:</p> <ul style="list-style-type: none"> ○ Rent Collection ○ Service Charge Collection ○ Arrears management ○ Income Maximisation and Support ○ Arrears Write Off <ul style="list-style-type: none"> • Homeless Accommodation Policy complete with sections on Income Management activity to enable one Policy for all |

| URN / Priority | Control Issue | Agreed Action / Recommendation (R) | Due Date | Revised Due Date | Service Update to Governance and Audit Committee January 2023 |
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| | | | | | aspects of Homeless Accommodation Management and shared with Audit Team 17/01/2024 for review. |
| 3008 | SARTH Follow Up 2019/20 - The number of overrides remains high | <p>Management Response</p> <p>As a sub-regional activity (the Common Allocations Policy operates across Conwy Denbighshire and Flintshire Council areas) it is important that some issues are managed collectively across the SARTH partners as well as at the local level. Overrides is an issue that is a challenge across Conwy Denbighshire and Flintshire. In response to this the Regional Operational Panel for SARTH which meets monthly, reviews levels of overrides to collectively understand the system challenges. Close monitoring at the local level is also a necessary management control.</p> <p>Overrides are part of the allocations matching process but it is acknowledged that when excessive in numbers, this can be an indicator of a bigger problem. Reasons for overrides will usually be 1) inaccurate application data 2) user error when using the system for property matching 3) system specific issues 4) property specific issues. Lengthy waiting times for social housing (27 months was noted in the Audit sample) are predominantly an indicator of limited social housing stock and a disparity between supply of homes and the local housing need. Some applicants will have housing needs that are not easily resolved with the limited supply of social housing available within Flintshire. Examples include:</p> | 31-Jul-21 | 31-Mar-24 | <p>Further to the update provided to Governance and Audit Committee in November 2023, further progress is outlined below:</p> <ul style="list-style-type: none"> • Mid-year report (Apr 23 – Sept 23) for Common Housing Register collated by SARTH Regional Compliance Officer and shared with Steering Group on 15/01/2024. Further work required to interrogate overrides. • Improved performance in relation to reviews has seen the numbers of applicants on the Common Housing Register reduce from approx. 2400 to approx. 2000 through better data management and cleansing and should reduce overrides due to data quality issues. • Evidence to be provided to Audit Team for review and agreed actions to be closed down by end March 2024 |

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| | | <p>There are specific challenges around limited 1 bed general needs accommodation.</p> <p>Not all properties will meet the needs of households with disabled adaptations requirements resulting in lengthier waiting times for significantly adapted properties. Large families also wait a significant time due to the limited availability of larger family homes (4bed+).</p> <p>Agreed Actions Ensure that there is regional oversight for “overrides” through the SARTH Operational Panel, and that opportunities for service improvement are identified for action at the local level.</p> <p>Explore opportunities for improvements within the Open Housing System to reduce the number of overrides through changes or enhancements to the Allocations Module.</p> <p>Ensure all staff allocating properties via SARTH (FCC and Housing Partners), have regular training on the matching process. When overrides are necessary they should be recorded accurately with reason codes and detailed narrative for justification.</p> | | | |

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| 3009 | SARTH Follow Up 2019/20 - Applicant reviews are not being carried out on a regular basis | <p>Management Response</p> <p>There have been significant resource issues within the Housing Register Team which have posed challenges in terms of service capacity and staff continuity. The periodic review process has therefore fallen behind. This will now be progressed and become routine within the teams approach to register management. Embedding the review process within the Housing Register Team's routine activity and exploring opportunities for utilising technology to create efficiencies within this process are welcomed suggestions and had been on management's radar for areas of service improvement for the Housing Register Team.</p> <p>Management are eager to explore opportunities to embrace technology for processes linked to Housing Register, but also mindful that not all applicants would want to make use of technology for the periodic review process. Striking a balance between efficient processes for the Housing Register Team that make use of technology and support principles of "channel shift" (moving away from telephone contacts as the norm), whilst also retaining a person centred approach will be important when considering the use of technology. Approx. 1 in 4 applicants are "older people" and the use of technology may not be their preferred method of contact.</p> <p>Agreed Actions</p> <p>Embed the periodic review process within</p> | 31-Jul-21 | 31-Mar-24 | <p>Further to the update provided to Governance and Audit Committee in November 2023, further progress is outlined below:</p> <ul style="list-style-type: none"> Periodic reviews are now routinely completed by Housing Register, Connects and Call Centre staff and management information routinely produced (monthly) for purposes of oversight of reviews outstanding. Supporting evidence to be shared with Audit Team for review and close down of agreed actions end January 2024. |

| URN / Priority | Control Issue | Agreed Action / Recommendation (R) | Due Date | Revised Due Date | Service Update to Governance and Audit Committee January 2023 |
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| | | <p>routine operational practice of the Housing Register Team. Explore opportunities to use technology such as text, and online engagement to assist with the applications and periodic review process. Ensure robust management oversight of periodic reviews through monthly monitoring reports and a clearly documented process.</p> | | | |
| 3010 | SARTH Follow Up 2019/20 - Not all band 1 tenancies have had pre-tenancy checks or landlord references evidenced | <p>Management Response</p> <p>Pre tenancy assessment and a focus on supporting new tenants to start their tenancy on a strong footing are key to achieving sustainable long term housing and reducing the risks of homelessness. The Housing & Prevention Service delivers and commissions a range of housing related support services through Housing Support Grant. Previous tenancy history as evidenced through landlord references is potentially 1</p> | 31-Jul-21 | 31-Mar-24 | <ul style="list-style-type: none"> Those applicants offered social housing via the Homeless Direct Lets nominations process (50% homeless quota) have support needs identified by Homeless Team and are allocated Support Workers as required for move on support to exit homelessness. Support needs captured through Homeless Direct Lets Nominations Form process and sample documents submitted to Audit Team for Review 17/01/2023 |

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| | | <p>indicator of an applicant's suitability as a prospective tenant, but it is widely acknowledged that some applicants, particularly those from the Private Rented Sector, will often not want their current landlord to be contacted about their application for rehousing. The fear of "revenge eviction" or creating instability with the landlord tenant relationship is a genuine concern for a great many people so finding other ways to evidence tenancy conduct.</p> <p>Agreed Actions</p> <p>Review the pre tenancy approach with SARTH Partners to develop a consistent way of undertaking "pre tenancy checks". Clearly document the outcome of any changes to practice and formalise through a documented procedure</p> <p>Develop an internal transfer's procedure for FCC, which picks up on those applicants who are existing FCC tenants, in order to assess their suitability for a move (not housing need, but picking up on arrears and property condition) as well as helping tenants to prepare for a move. Develop a Tenancy Ready / Home Starter Support Matrix which will identify households who may require additional support with setting up home and managing the practicalities of a move in order to target support services at those with greatest support needs</p> | | | |
| 3236 | Homelessness & temporary Accommodation | Agree in part. A weekly review of temporary accommodation capacity and those | 31-Mar-22 | 31-Mar-24 | Review reasons for refusal of permanent accommodation and develop process to manage 'unreasonable refusals'. |

| URN / Priority | Control Issue | Agreed Action / Recommendation (R) | Due Date | Revised Due Date | Service Update to Governance and Audit Committee January 2023 |
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| | 21/22- Homelessness levels of accommodation are not monitored over time to ensure adequate temporary accommodation is available. | <p>individuals'/families likely to move on (leaving temporary accommodation) takes place. Capacity is increased if required; emergency accommodation can be achieved through booking bed and breakfasts through block booking arrangements.</p> <p>Additional pressures have been observed due to Covid, housing market pressures and the need to increase capacity immediately. Welsh Government Covid Hardship Grant has enabled this as part of the emergency homeless and public health response.</p> <p>It is not possible to accurately forecast homelessness numbers. Trend analysis prior to Covid19 is not applicable and would deliver limited value due to the significant change the pandemic has had on the landscape.</p> <p>Achievement of deliverables in line with the Rapid Rehousing Transition Plan is the ultimate aim.</p> <p>Short term (March 2022) Identification of reasons for refusal of permanent accommodation and action process to manage "unreasonable refusals" to be documented.</p> | | | <ul style="list-style-type: none"> Refusal reasons identified as in significant part due to lack of guidance on Offer Process and inappropriate offers in regards to 'suitability assessment'. Suitability Checklist in place along with Direct Lets Nomination Form Clear process for Homeless Direct Lets now in place with dedicated officer leading the matching process. Nominations report and suitability assessment requiring management sign off in place. Refusals managed through the statutory instrument of Housing (Wales) Act 2014 s.85 Right to Review and Independent Reviewer appointed. <p>COMPLETE AND LIAISING WITH AUDIT TEAM FOR FOLLOW UP TESTING</p> |
| 3256 | Homelessness & Temporary accommodation 21/22- The Open Housing system is not being utilised | <p>The response will be delivered in 3 stages – short, medium and longer term. All actions are assigned to the Service manager to be delegated across team.</p> <p>Short term (March 2022)</p> | 31-Mar-23 | 31-Mar-24 | As reported to Community, Housing & Assets Scrutiny Committee in October 2023, whilst the initial audit action plan focussed on the implementation of the Open Housing Private Sector Module for the ICT system, other portfolio projects has meant limited ICT resources have been available. |

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| | to manage stock, tenancies, repair work or rental income to be able to effectively deliver on service objectives. | <p>In the short term, improve and enhance excel spreadsheet to capture all information in relation to temporary accommodation so data can be analysed and interrogated in order to identify efficiencies/opportunities for improvements as well as trends.</p> <p>Medium term (June 2022) Open Housing System Private Sector leasing module is already purchased but not implemented. IT has advised will need to wait for V16 of Open housing and IT capacity means that they will not be able to pick up this project until June 2022 at the earliest. Ensure detailed scope of works and Project Plan adopted.</p> <p>Longer term (March 2023) Implement the new system and all appropriate functionality to manage the Temporary Accommodation Portfolio in regards to all aspects of housing management.</p> | | | <p>Further consideration was given to how the existing homeless case management system could be utilised to integrate homelessness systems functionality to seamlessly link with the management of temporary accommodation.</p> <p>Significant work has been done to the 'back office' to enable the functionality required by front line staff and to enable case work, management reporting and oversight but further work is required on temporary accommodation. Limited capacity within IT Services has delayed progress.</p> <p>The following is complete or in progress:</p> <p>Improve and enhance excel spreadsheet to capture all information in relation to temporary accommodation.</p> <ul style="list-style-type: none"> • Spreadsheets updated for data capture • Additional tabs on Spreadsheets for collection of data relating to Performance Information for length of stay • HB Monitoring information linked to TA placements spreadsheets <p>Move away from Spreadsheets for accommodation casework and adopt Back Office</p> <ul style="list-style-type: none"> • Migration over to the Back Office system for management of all forms of homeless accommodation – commenced May 2023 • Complete training for all Staff working on Back Office functionality for Temp Accom Staff once fully implemented • Performance Management functionality to be developed for reporting via Back Office |

Eitem ar gyfer y Rhaglen 5



GOVERNANCE & AUDIT COMMITTEE

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| Date of Meeting | Wednesday, 24 January 2024 |
| Report Subject | Audit Wales Report - Social Enterprise |
| Cabinet Member | Cabinet Member for Climate Change and Economy |
| Report Author | Chief Officer (Planning, Environment and Economy) |

EXECUTIVE SUMMARY

Audit Wales have completed a review of support for the social enterprise sector by Welsh local authorities. They have issued several recommendations and created a self-assessment tool for local authorities to use. Flintshire County Council already has a well-established structure to support the sector and was recently awarded the Social Enterprise Place accreditation to reflect our achievements. However, the Audit Wales report provides the Council with the opportunity to reflect on its performance and to improve the service.

This report presents the response to the Audit Wales report recommendations, a self-assessment exercise undertaken by the Council using the Audit Wales template and finally a revised Social Enterprise Action Plan which reflects any areas for improvement identified. The response to Audit Wales was approved at Cabinet on 21 November 2023 and reviewed by the Environment and Economy Overview and Scrutiny Committee on 14 November 2023.

RECOMMENDATIONS

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| 1 | Members are asked to review and support the proposed response to Audit Wales and the supporting documents. |
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REPORT DETAILS

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| 1.00 | Explaining Social Enterprise in Flintshire |
| | <u>Background</u> |
| 1.01 | Social enterprises are businesses that trade in goods and services like any other enterprise but their profits are reinvested in social causes. They take a variety of legal forms depending upon their need. Social enterprises vary in scale from multi-national companies to small one-person enterprises. |

1.02

Three example social enterprises are summarised below to illustrate the range of services being delivered by the sector:

Harmony Stables Community Interest Company

This is a riding stables on the outskirts of Buckley the creates opportunities for members of the public to partake in equine rehabilitation; allowing members of the public who don't own a horse to learn about horse welfare, rehabilitation and training (ridden and on the ground).

The company provides the opportunity for members of the public, specifically those with additional needs, to partake in equine assisted learning (ridden and non-ridden); benefit by increased confidence, learn new skills, and improve mental and physical health, through working with the horses in a supported environment.

The company will provide the opportunity for members of the public to ride the horses on a paid-for basis, generating the revenue to cross subsidise the opportunity for members of the public with additional needs to take part in activities that otherwise they could not afford.

Sport for Champions Community Interest Company

This is a Flintshire based social enterprise operating nationally. The company promotes the importance of leading a healthy lifestyle to school children across the UK, sponsoring Team GB and other well-known athletes to attend schools to promote sports.

The enterprises raises funding for schools through sponsorship deals with private companies to secure the necessary revenue to pay professional athletes to attend the schools to promote sports. Focus is placed on current high profile sporting events to secure maximum buy in from pupils.

The company secures sponsorship from private companies and takes the costs of delivering the events from the deals they secure. Of the money raised above operating costs, 60% goes to the schools as an unrestricted budget, the remaining 40% is used to pay the charges and expenses of the athletes visiting the schools.

Shelby's Place Community Interest Company

This is a social enterprise in the centre of Buckley which provides a safe space for young children specifically for, but not restricted to, those with additional needs, to play and learn.

Based in the rooms behind a retail outlet, the company delivers craft workshops for young children and their parents, giving them the opportunity to benefit from therapeutic activity whilst learning new skills

The company has developed a supervised sensory area. This is used to stimulate children with additional needs through the media of lighting, music and touch in order to develop their skills and interaction with others. This will also enables parents to focus on other siblings during these play periods.

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| | As well as charging fees to access the workshops and play areas, the company rents shelf space for a retail outlet for local artisans, the income from which cross subsidises the opportunity for children with additional needs to attend. |
| 1.03 | In 2013, the Council recognised the value of social enterprises in meeting the needs of local communities and in diversifying the economy but identified that there were relatively few in the County. The Council started to employ a specialist Social Enterprise Development Officer to provide one to one support to enterprises to help them to become establish, develop and grow. The Council has, since the creation of this post, supported the development of approximately 100 new social enterprises as well as providing support to grow and sustain existing social enterprises |
| 1.04 | The Council's free impartial social enterprise support is accessible regardless of whether the business is already established or a new start-up venture. The support provided includes, but is not restricted to, pre-start development, business, and financial planning; identification of appropriate legal structures and business registrations; preparing for investment and cash flow forecasting in addition to support with bid/tender writing; introduction to crowd funding; revenue modelling; marketing and governance and the development and delivery of bespoke training to meet business needs. |
| 1.05 | A number of social enterprises deliver services on behalf of the Council. For example, Double Click Design and Print Community Interest Company (CIC) deliver support to individual affected by mental health issues to help them develop the confidence and skills to secure meaningful employment. Dangerpoint in Talacre provide safety education through an agreement with the Council which provides the opportunity for schools to visit the centre and take a structured guided tour around the life-like scenarios. Social enterprises also contribute to Council service delivery in Social Services and waste recycling. |
| 1.06 | Flintshire Council has worked collaboratively with social enterprise leaders from across the county to develop a support network. The now well-established Flintshire Social Enterprise Partnership meets regularly to give members the opportunity to share experiences, celebrate successes, develop collaborations, network with like-minded organisations, and share models of best practice with other members. A key outcome from the network has been the development of the Social Enterprise Stakeholder Group who work with collaboratively with the Local Authority on projects such as securing 'Social Enterprise Places' and the development of the 'Flintshire Social Impact Toolkit.' |
| 1.07 | In 2020 Social Enterprise UK officially recognised Flintshire as a registered 'Social Enterprise Place.' This registration acknowledges the range, quality, and level of social enterprise activity within the county and serves to raise the profile of Flintshire and the sector at a national level. |
| 1.08 | Working in partnership with the Social Enterprise Stakeholder Group, an innovative "Flintshire Social Impact Toolkit" was designed, developed, and piloted with the sector. The on-line toolkit identifies the social value of |

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| | <p>work being carried out and the financial impact that Flintshire based social enterprises are generating as a result of their daily activities. This toolkit demonstrates the financial value of the social impact generated by social enterprises within Flintshire. During the 18 months pilot project, using 7 social enterprises, the toolkit identified almost £3m of social benefit within Flintshire. By 2024/25 we intend to increase the number of toolkit users to 30. To date in the financial year 2023/2024 the Impact Toolkit has identified £738k of social value achieved in Flintshire.</p> |
| | <p><u>Audit Wales report and response</u></p> |
| 1.09 | <p>In December 2022 Audit Wales published their report “A missed opportunity – Social Enterprises”. The report followed their review of the support provided to the sector by local authorities in Wales. The report is available at https://www.audit.wales/publication/missed-opportunity-social-enterprises.</p> |
| 1.10 | <p>The report highlights some of the good practice that the Council has in place to support the sector but also highlights areas for improvement for local authorities across Wales.</p> |
| 1.11 | <p>The proposed formal response to Audit Wales on each of its recommendations is set out below.</p> <p>R1</p> <p>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 [Appendix 1] to:</p> <ul style="list-style-type: none"> • self-evaluate current Social Enterprise engagement, management, performance and practice; • identify opportunities to improve joint working; and • 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. <p>Proposed response</p> <p>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>R2</p> <p>To drive improvement we recommend that the local authority:</p> <ul style="list-style-type: none"> • formally approve the completed Action Plan; |

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| | <ul style="list-style-type: none"> • regularly report, monitor and evaluate performance at relevant scrutiny committees; and • revise actions and targets in light of the authority’s evaluation and assessment of its performance. <p>Proposed response</p> <p>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>R3</p> <p>To ensure the local authority delivers its S.16 responsibilities¹ to promote Social Enterprises we recommend that it reports on current activity and future priorities following the evaluation of its Action Plan including the Annual Report of the Director of Social Services.</p> <p>Proposed response</p> <p>Progress towards delivering the action plan, including how the Council has fulfilled its section 16 responsibilities, will be formally reported to Cabinet and Scrutiny on an annual basis.</p> |
| 1.12 | <p>Section 16 of the Social Services and Well-Being Act (Wales) - this legislation was passed on 6th April 2016. The Act is based on the principles of giving voice and control to service users and carers, prevention and early intervention and to achieve well-being outcomes through co-production. It therefore gives service users more say and control over the support they receive to achieve well-being. The purpose of the Act is to require local authorities to promote the development and availability of care and support services, including services for carers, and preventative services that are provided by social enterprises, co-operatives, user led organisations and third sector organisations. It aims to promote preventative services within the community and reduce the escalation of critical need and reduce or delay the need for longer term care and support. It is also designed to give service users more control over their interactions with professionals as well as give them choice and invite advocates to support them to express their views, wishes and feelings.</p> |
| 1.13 | <p>Following approval of the formal response to Audit Wales by Cabinet this report will be presented to the Audit Committee for ratification.</p> |

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| 1.14 | The Council, in response to the Audit Wales recommendations, has undertaken a self-assessment exercise (Appendix 1) for its support for social enterprises and has, in consultation with the sector, produced an updated Social Enterprise Action Plan 2023-2025 (Appendix 2) which is presented for discussion and approval. |
| 1.15 | The Action Plan sets out four aims: <ul style="list-style-type: none"> • Aim 1: Social enterprises will be better able to support each other • Aim 2: Social enterprises will be better able to evidence their impact • Aim 3: Social enterprises will have a higher profile • Aim 4: Social enterprises will deliver more services on behalf of the public sector |
| 1.16 | The Action Plan includes a range of actions to deliver against these aims. Progress will be reviewed with the Flintshire Economic Recovery Group and Social Enterprise Stakeholder Group and reported to Cabinet and Scrutiny as part of the regular Council Plan reporting process. |

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| 2.00 | RESOURCE IMPLICATIONS |
| 2.01 | No resource implications arise directly from this report. The actions contained in the Action Plan make use of available Council resources. |

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| 3.00 | IMPACT ASSESSMENT AND RISK MANAGEMENT | | | | | | | | | | | | | | | | | | |
| 3.01 | <p>Ways of Working (Sustainable Development) Principles Impact</p> <table border="1"> <tr> <td>Long-term</td> <td>Supporting social enterprises helps to create community-led sustainable capacity to address local needs without ongoing grant support.</td> </tr> <tr> <td>Prevention</td> <td>No major impact</td> </tr> <tr> <td>Integration</td> <td>No major impact</td> </tr> <tr> <td>Collaboration</td> <td>The Council is working closely with the sector to co-design the available support and shares expertise with other local authorities across the region.</td> </tr> <tr> <td>Involvement</td> <td>The Council is working closely with the sector to co-design the available support.</td> </tr> </table> <p>Well-being Goals Impact</p> <table border="1"> <tr> <td>Prosperous Wales</td> <td rowspan="7">Social enterprises make a significant contribution to addressing all of the Well-Being goals through a sustainable and community-led business model.</td> </tr> <tr> <td>Resilient Wales</td> </tr> <tr> <td>Healthier Wales</td> </tr> <tr> <td>More equal Wales</td> </tr> <tr> <td>Cohesive Wales</td> </tr> <tr> <td>Vibrant Wales</td> </tr> <tr> <td>Globally responsible Wales</td> </tr> </table> | Long-term | Supporting social enterprises helps to create community-led sustainable capacity to address local needs without ongoing grant support. | Prevention | No major impact | Integration | No major impact | Collaboration | The Council is working closely with the sector to co-design the available support and shares expertise with other local authorities across the region. | Involvement | The Council is working closely with the sector to co-design the available support. | Prosperous Wales | Social enterprises make a significant contribution to addressing all of the Well-Being goals through a sustainable and community-led business model. | Resilient Wales | Healthier Wales | More equal Wales | Cohesive Wales | Vibrant Wales | Globally responsible Wales |
| Long-term | Supporting social enterprises helps to create community-led sustainable capacity to address local needs without ongoing grant support. | | | | | | | | | | | | | | | | | | |
| Prevention | No major impact | | | | | | | | | | | | | | | | | | |
| Integration | No major impact | | | | | | | | | | | | | | | | | | |
| Collaboration | The Council is working closely with the sector to co-design the available support and shares expertise with other local authorities across the region. | | | | | | | | | | | | | | | | | | |
| Involvement | The Council is working closely with the sector to co-design the available support. | | | | | | | | | | | | | | | | | | |
| Prosperous Wales | Social enterprises make a significant contribution to addressing all of the Well-Being goals through a sustainable and community-led business model. | | | | | | | | | | | | | | | | | | |
| Resilient Wales | | | | | | | | | | | | | | | | | | | |
| Healthier Wales | | | | | | | | | | | | | | | | | | | |
| More equal Wales | | | | | | | | | | | | | | | | | | | |
| Cohesive Wales | | | | | | | | | | | | | | | | | | | |
| Vibrant Wales | | | | | | | | | | | | | | | | | | | |
| Globally responsible Wales | | | | | | | | | | | | | | | | | | | |

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| Risk management | |
| Risk | Mitigation |
| Public sector resources limit the availability of support to the sector | The Action Plan has been developed, as far as possible, within the constraints of current resources. |

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| 4.00 | CONSULTATIONS REQUIRED/CARRIED OUT |
| 4.01 | The production of the revised Social Enterprise Action Plan included consultation with representatives from the sector. |

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| 5.00 | APPENDICES |
| 5.01 | Appendix 1 – Social Enterprise Self-Assessment Appendix 2 – Social Enterprise Action Plan |

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| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
| 6.01 | Audit Wales report ‘ <i>A missed opportunity</i> ’ – <i>Social Enterprises</i> https://www.audit.wales/publication/missed-opportunity-social-enterprises |

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| 7.00 | CONTACT OFFICER DETAILS |
| 7.01 | Contact Officer: Niall Waller Enterprise and Regeneration Manager Telephone: 01352 702137 E-mail: niall.waller@flintshire.gov.uk |

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| 8.00 | GLOSSARY OF TERMS These are provided corporately on the Infonet (link) and maintained by the Executive Office |
| | <p>Audit Wales - works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.</p> <p>Community Interest Company (CIC) - a limited company, with special additional features, created for the use of people who want to conduct a business or other activity for community benefit, and not purely for private advantage. (UK Government)</p> <p>Social Enterprise UK (SEUK): UK’s membership body for social enterprises. SEUK lead the world’s largest network of businesses with a social purpose who together are helping to create a fairer economy and a more sustainable future for everyone.</p> |

Social Value - Social value is a board term used to describe the social, economic, environmental and cultural impact of our collective decision making and business operations.

The National TOMs – Themes, Outcomes and Measures – is a framework for delivering excellence in measuring and reporting social value.

Self-Assessment – A Missed Opportunity - Social Enterprise

Checklist for LA for effectively engaging and working with Social Enterprises

1 Strategic Arrangements

| Vision | What we are doing / Comments | What can we do better | Flintshire Social Enterprise Action Plan (where appropriate) |
|---|---|--|---|
| We have an agreed vision on how we will work with Social Enterprises. | We have an action plan developed in collaboration with the social enterprise sector in Flintshire | | Page 1 What we do well |
| The vision has been shared with, and is understood by, all relevant staff in the local authority. | Vision shared by Business Development and Communities 4 Work Departments | Raise the profile among LA staff and Elected Members | Action Plan 3.2 Develop relationships between social enterprises and relevant FCC Officers and other potential partners by delivering awareness raising sessions |
| The vision has been shared with, endorsed by and is understood by elected members. | Planned presentation to Chief Officers Team and subsequently Cabinet Monthly good news stories to elected member for Enterprise, Economy and Environment | Promote Social Enterprise to Elected Members | Action Plan 3.2 Develop relationships between social enterprises and relevant FCC Officers and other potential partners by delivering awareness raising sessions |
| The vision has been developed in discussion with the local County Voluntary Council. | Monthly contact with FLVC to ensure Collaboration and avoid duplication or services | Social Enterprise Action Plan shared with FLVC | |

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| The vision has been disseminated to Social Enterprises we work with. | Social Enterprise Sector involved in the development of the existing Action Plan | | |
| <p>The vision clearly sets out how we intend to deliver our Section 16 responsibilities for promoting Social Enterprises including:</p> <p style="padding-left: 40px;">Our work to promote social value through the Regional Partnership Board; and</p> <p style="padding-left: 40px;">Use of the Regional Integrated Fund to promote and develop Social Enterprises.</p> | <p>We do not identify how we intend to deliver Section 16 responsibilities</p> <p>Social Value captured by the Flintshire Social Impact toolkit which has been developed in partnership with the social enterprise sector</p> <p>Currently no delivery around Regional Integrated Fund</p> | <p>Need to engage with social enterprise sector to identify opportunities to meet the requirements of Section 16</p> <p>Raise Social enterprises Knowledge of the Regional Integrated Fund</p> | <p>Action plan 4.5</p> <p>Relevant FCC staff develop and deliver awareness raising presentations around section 16</p> <p>Appropriate staff from Social Services presentation at Social Enterprise Network meetings</p> |

| Corporate Approach | | | |
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| Vision | What we are doing / Comments | What can we do better | Action Plan |
| We have a corporate led approach for working with Social Enterprises that covers all departments and services. | <p>Council Plan commitment with progress reported quarterly to Cabinet, Scrutiny and Chief Officer Team</p> <p>SE Officer has presented at COT also different Portfolios across FCC</p> | <p>Raise further awareness within FCC specifically, Procurement and Social Services to identify Sponsoring Officers</p> <p>Nominate Sponsoring Officer within relevant portfolios within FCC to</p> | <p>Action Plan 3.2</p> <p>Raise awareness of Sponsoring Officer successes to recruit addition SOs within other portfolios</p> |

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| | We have sponsoring officers linked to SLAs within Education to raise awareness of the SE services available and identify further opportunities for the SE to engage with | liaise with social enterprises to promote their activities to both colleagues and potential service users | |
| The corporate approach translates our vision into practical actions. | Council Plan reflects corporate priorities for social enterprise sector which in turn has been incorporated into the action plan in collaboration with the SE sector | | Review of action plan on an annual basis to ensure corporate approach remains relevant to the SE sector |
| We have designated a corporate lead for Social Enterprises who is responsible for overseeing and coordinating our work with the sector | We have an appointed Chief Officer and Elected member responsible for overseeing SE activity and a dedicated Social Enterprise Officer to work directly with the sector | | |

| Understanding the local Social Enterprise sector | | | |
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| Vision | What we are doing / Comments | What can we do better | Action Plan |
| <p>We have mapped out the Social Enterprise sector in our local authority area and know:</p> <ul style="list-style-type: none"> The number of organisations working locally; The services they provide; | <p>Mapping of Social Enterprise sector carried out by Cwmpass biannually.</p> <p>FCC Social Enterprise Officer has a well-developed relationship with the Social Enterprise sector businesses in Flintshire</p> | <p>Map sector and develop online interactive directory of Social Enterprises in Flintshire</p> <p>The Directory of social enterprises can be used to develop collaborate working arrangements</p> | <p>Action Plan 4.2</p> <p>Develop a mapping of the social enterprise sector in Flintshire by developing an interactive social enterprise directory on FCC Website. Benefits will be; detailed information about Flintshire based</p> |

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| <p>The communities the services are provided in; The people the service is provided for; How the services are funded; The operating hours/days for services; The eligibility criteria for the service (if any); How the service fits with our Section 16 responsibilities for promoting Social Enterprises in delivering social care services; and Who to contact for more information.</p> | | <p>Provide an opportunity to promote their goods and services, develop supply chain activity. And provide examples of best practice among Social Enterprises</p> <p>Raise awareness of Section 16 through relevant Officers presentations</p> | <p>social enterprises including; organisations activity, legal structure, company size, area of benefit etc.</p> |
| <p>We have a record of all our Social Enterprise funding.</p> | <p>In general FCC does not provide grant funding for new business start-ups or existing businesses including the social enterprise sector. We do however support SE businesses to secure external/third party funding</p> | | |
| <p>We collate financial information and report at least annually on the totality of our Social Enterprise funding covering:</p> | <p>We do not have the resource in place to collate this information and the necessary information Each Service Area Manager would be aware of all SLA's Contracts and</p> | <p>We could collate this information however this would have a significant resource implication</p> | |

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| <p>which organisations we fund;</p> <p>the contract value;</p> <p>the length of the contract;</p> <p>which department/service has contracted;</p> <p>the measures of success established for the work; and</p> <p>what the intended benefits of the work are.</p> | <p>Funding allocated to social enterprises and monitor these as any other SLA, Contract of funded programme of activity</p> | | |
| <p>We effectively raise awareness on the benefits presented by Social Enterprises to ensure all staff identify opportunities to collaborate with them by:</p> <ul style="list-style-type: none"> hosting a social enterprise day within the local authority; putting on workshops for councillors and senior managers; <p>and</p> <ul style="list-style-type: none"> developing activities to celebrate and promote social enterprise. | <p>Awareness raising of the support available is achieved through social media, regular mails shots, referrals from word of mouth and referrals from partners orgs and FCC departments.</p> <p>Flintshire Local Voluntary Council runs a social prescribing service which is integrated into the Single Point of Access within social services. This receives funding from the Regional Integration Fund to support this.</p> <p>As part of this service there is a third sector co-ordinator who will match people, who have not met the criteria for statutory social care support, with other beneficial services in the community. A significant proportion of these</p> | <p>We can bring the lead staff to Social Enterprise Network Meetings to promote the social enterprises.</p> <p>Work in partnership with the social enterprise sector to develop and deliver social enterprise awareness raising days to both local authority colleagues and Elected Members</p> | <p>Action Plan 3.2</p> <p>Develop increased understanding of the opportunity that social enterprise presents as service delivery partners through development and delivery of awareness raising events</p> |

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| | services will be provided by social enterprises. | | |
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| Collaboration and partnership arrangements | | | |
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| Vision | What we are doing / Comments | What can we do better | Action Plan |
| We have identified and agreed how the work of Social Enterprises will be managed and scrutinised at a: <ul style="list-style-type: none"> corporate level – in the work of strategic partnerships and corporate scrutiny committees; department level – in specific partnership arrangements to support wider policy agendas within defined areas; and service level – on local partnerships and specific service-led initiatives. | <p>Social Enterprise Activity reported annually against the Council Plan Targets.</p> <p>Social Enterprise activity also reported to Chief Officer Team, Scrutiny and Council within FCC Monthly reports to Chief Officer / Cabinet Member for Climate Change and Economy</p> | Provide social enterprise information to the Economic Recovery Group in order to ensure social enterprise is considered as an option to issues moving forward | Action Plan 3.3 |
| We effectively raise awareness of the work of social enterprises and involve local people and communities in developing new Social Enterprises. | Awareness raising of the support available is achieved through social media, regular mails shots, referrals from word of mouth and referrals from partners orgs and FCC departments. The SE officer engages with communities and potential new business start-ups | Raise awareness of Social Prescribing and Single Point of Access (SpOA) through presentations to Social Enterprises | Action Plan 4.2 Develop a mapping of the social enterprise sector in Flintshire including areas of work by developing an interactive social enterprise directory on FCC Website. |
| We have a clear and effective relationship with our County | Work closely with Local Voluntary Council to ensure dovetail of | | |

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| Voluntary Council as a key strategic and delivery partner | services, provided and share best practice as well as cross referral of clients | | |
| We have a nominated lead senior official to promote and lead work through the regional Social Value Forum. | We have a designated member of staff who promotes our work through the Regional Social Value Forum. The FCC SE Lead Officer and SE sector have jointly developed a social impact toolkit for Flintshire. A cost effective and easy to use co-designed online platform which identified £2.8m of Social Benefit in the pilot programme involving seven Flintshire based Social Enterprises | Increase numbers of Flintshire social enterprises reporting on the Flintshire Social Impact Toolkit | Action Plan 2.1 Report Social Enterprise achievements and promote social enterprise activity within FCC via nominated FCC Officer and Elected member |

| Strategy | | | |
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| Vision | What we are doing / Comments | What can we do better | Action Plan |
| Our approach to Social Enterprises is integrated with our key strategies and plan – eg Wellbeing Plan, corporate priorities and other community and regional strategies. | Social Enterprise development features in the 'Council Plan' and corporate priorities. | Our new Integrated Assessment Tool provides an ideal opportunity to encourage managers to consider the support that social enterprises can provide | Action Plan 3.2 Develop relationships between social enterprises and relevant FCC Officers and other potential partners by delivering awareness raising sessions |
| We have set SMART objectives and actions on how we will support and | | | Action plan includes targets and measures wherever practicable. |

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| promote the growth of Social Enterprises. | Established targets for numbers of new social enterprises and enterprises supported | | |
| We are clear on the benefits and risks of Social Enterprises for citizens, local communities, and the local authority | Significant interaction between FCC and the Social Enterprise sector | Encourage staff to learn more about benefits of SE services | Action Plan 3.2 |

| Delivering the Strategy | | | |
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| Vision | What we are doing / Comments | What can we do better | Action Plan |
| We have enough staff and resources to promote and grow Social Enterprises. | Full time fully qualified Business Support is available for social enterprises | Make full use of procurement opportunities to develop social enterprise supply chain Support services to structure procurement to increase accessibility to social enterprises Promote the work of social enterprises But... capacity and resources will limit actions. | Actions across plan but with limited capacity |
| We have staff in the right services and with the required seniority to deliver our vision for Social Enterprises. | Chief officer and Elected member responsibility for overseeing Social Enterprise Support Full time Social Enterprise Lead Officer with responsibility for development of the SE sector | Raise the profile of Social Enterprise among commissioners / officers / elected members across FCC | Action Plan 3.2 |

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| <p>We have a can-do culture mindset within the council to make the best use of Social Enterprises</p> | <p>As a local authority Flintshire County Council, across service portfolios, value the contribution of social enterprise to the local economy and communities they serve.</p> | <p>Raise the profile of Social Enterprise among commissioners / officers / elected members</p> | <p>Action Plan 3.2 Develop relationships between social enterprises and relevant FCC Officers and other potential partners such as Jobcentre+ with social enterprises by developing meet the social enterprise events</p> |
| <p>We give staff the opportunity to take well-managed risks and explore innovative practices</p> | <p>Development of the innovative Social Enterprise Social Impact Toolkit in partnership with the SE sector.</p> <p>Develop innovative supply chain opportunities in partnership with Private Sector contractors to ensure community benefits are met.</p> <p>Have developed mitigated risk programme of Alternative Delivery Model (ADM) and Community Asset Transfer Programmes (CAT)</p> | | |

| 2. Commissioning and Procurement | | | |
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| Designing Services | | | |
| Vision | What we are doing / Comments | What can we do better | Action Plan |
| We draw on the expertise and knowledge of Social Enterprises in designing new services. | <p>Individual service areas design their services and not procurement. As part of pre-market engagement service areas are permitted to engage with the market (including Social Enterprises) to draw on their expertise and knowledge.</p> <p>Commissioners routinely engage with service providers and service users to inform the designing of services which included a proportion of social enterprises that currently deliver contracted services across Flintshire.</p> | More pre-market engagement with suppliers including Social Enterprises | Procurement: Improved pre-market engagement with local SME's (including social enterprises) is highlighted within the new Procurement Strategy. |
| Our commissioners make good use of the Market Stability Report process to inform commissioning and market shaping activity for the social care sector | Along with the regional Market Stability Report, Flintshire County Council has developed a local version of this to inform activity locally. This, along with the Population Needs Assessment, informs decision making on market shaping and commissioning strategies. | | |

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| <p>In designing services, we clearly set out:</p> <ul style="list-style-type: none"> What demand the service will meet; how we have decided on the type of service that we require; and how we will engage with current and potential providers to develop the service | <p>Procurement: Commissioning Form which service areas must complete and submit to the Collaborative Procurement Service for all procurements over £25k requires the service area to set out demand the service will meet. It is for the service area to keep records of how they have decided on the type of service they require and what pre-market engagement with current and potential suppliers they will undertake to develop the service.</p> <p>Social Services: Commissioners routinely engage with service providers and service users to inform the designing of services.</p> | <p>Procurement: Service areas could be requested to provide more information on the Commissioning Form outlining how they have decided on the type of service they require and what pre-market engagement with current and potential suppliers they will undertake to develop the service.</p> <p>Procurement: Review commissioning form and see if this is appropriate, resource capacity allowing.</p> | |
| <p>We ensure that our tender process is accessible for all potential collaborators</p> | <p>Social services are particularly mindful in commissioning activities to include strong weighting for Social Value, and make the process more accessible for social enterprises, such as the use of Lots and encouraging of consortia bids. We have several contracts that are provided by not for personal profit organisations such as advocacy services, counselling services,</p> | <p>When the Procurement Reform Bill come into force at the beginning of 2024, we will have some ability to be more flexible in our tendering process but will still await the fine details of the Bill in order to determine what is and isn't permissible within the new Procurement Regulations.</p> | <p>Review new procurement regs when they are finalised.</p> |

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| | learning disability day services and mental health support services. | Procurement: Review commissioning form and see if this is appropriate, resource capacity allowing. | |
| We can demonstrate we have the capacity and skills to undertake the strategic commissioning process. | We have the skills in the form of highly experienced and MCIPS qualified Procurement Professionals within the Collaborative Procurement Service. Officer capacity is a major issue with a small team covering 2 Local Authorities | Increase capacity within the Collaborative Procurement Service | |
| We actively look for ways to invite collaboration | All tenders welcome including collaborative/consortium bids. Service areas routinely explore opportunities to engage with other partners from public, private and social enterprise sector organisations to collaborate on a regional and sub regional level. | | |

| Effective Award Systems | | | |
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| Vision | What we are doing / Comments | What can we do better | Action Plan |
| We have created a single centralised and corporate funding system for the management and award of all contract funding to Social Enterprises. | We have a central e-procurement system where all bids for any tenders above £25k must be submitted by suppliers (including Social Enterprises) and where also where a record of all contracts over £25k should be recorded – this is our central record of contracts | The resources are not available to facilitate a single contract management system solely for social enterprises. | |

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| | awarded to all suppliers including Social Enterprises and where all contract management is recorded | | |
| <p>We have effective systems to award contract funding to organisations that sets out:</p> <ul style="list-style-type: none"> a clear contract funding timetable that is available to all potential bidders so that they can prepare for opportunities; the process that will be used to decide (for example, seeking quotations or using a tender or proposal process); the value and risk associated with the various contract funding routes; clear and published criteria that are understood by all organisations seeking contract funding, including community benefit and social value clauses; the cost and resources to oversee and administer the process; and the length of time that contract funding will be provided. | <p>Tender documents for all tenders are issued including:</p> <ul style="list-style-type: none"> • Timetable for procurement process as well as timetable for contract mobilisation, initial term of contract and any options to extend. • Our standards T&C's which include payment profile • Evaluation Methodology setting out the award criteria. • Information relating to Community Benefits/Social Value • Information Relating to the services being procured and how the contract will be managed including KPI's. | | |

| Efficient Award Systems | | | |
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| Vision | What we are doing / Comments | What can we do better | Action Plan |
| <p>We have efficient corporate systems to award contract funding based on:</p> <ul style="list-style-type: none"> concise and clear application processes; use of online and electronic systems to distribute and collate information and bids; short end-to-end decision-making arrangements; the minimum number of stages and processes required to decide; and decisions being delegated to the lowest level. | <p>e-tendering/procurement system in place and all relevant info relating to tender process set out in tender docs</p> | | |
| <p>Our contract terms and conditions are proportionate to the level of funding being made and are specific to the work that is being funded.</p> | <p>We have standard Services T&C's which are the same for all services.</p> | | |
| <p>We review our contract funding processes to ensure we are not excluding Social Enterprises from securing work.</p> | <p>Procurement: We are bound by Contract Procedure Rules and Public Contract Regulations – all potential suppliers must receive equal treatment and these Rules and Regulations are followed to ensure this is the case.</p> | <p>New Procurement Regulations come into effect early 2024 which we can review to see if there is any way to remove any barriers SE's feel they currently face.</p> | <p>Review new regs when available.</p> |

| Training and Information Training | | | |
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| Vision | What we are doing / Comments | What can we do better | Action Plan |
| <p>We provide training to support Social Enterprises covering:</p> <ul style="list-style-type: none"> how to apply for funding – the do's and don'ts; complying with our commissioning and procurement systems; data collection processes; performance management and scrutiny arrangements; payment cycles and performance targets; and contract termination/continuation requirements | <p>Extensive range of training sessions available to social enterprises</p> <p>Bespoke training developed based on new needs of social enterprises in addition to:</p> <ul style="list-style-type: none"> • Business Planning • Preparing for Investment • Cash Flow Forecasting • Bid Writing • Introduction to Crowd Funding • Revenue Modelling • Marketing • Governance | <p>Local Authority staff to deliver procurement training to social enterprises.</p> | <p>Action Plan 2.2 Deliver training workshops for the sector specific to their needs</p> |

| 3. Managing Performance | | | |
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| Information Collection | | | |
| Vision | What we are doing / Comments | What can we do better | Action Plan |
| We have specified the information required to monitor and evaluate the performance of the Social Enterprises we fund. | All details or how any contract with any supplier (include SE's) will be monitored and KPI's relating to the contract are all set out in the Contract T&C's which are signed by all parties. | | |
| The information only measures relevant activity. | Departments holding SLAs with Social Enterprises collate and measures relevant activity | | |
| The systems to collect information are streamlined and efficient, and Social Enterprises only submit information once and electronically on agreed timescales | Departments holding SLAs with Social Enterprises request information which is captured electronically | | |

| Performance Review | | | |
|---|---|---|---|
| Vision | What we are doing / Comments | What can we do better | Action Plan |
| <p>We regularly report on our Social Enterprise contract funding to scrutiny committee(s) against a balanced set of performance information that covers:</p> <ul style="list-style-type: none"> the service standards we set for the Social Enterprise we fund to perform against; improvements in people's wellbeing and social outcomes; and relevant service-based performance data; and conclusions of external audit/inspection reviews. | <p>SLA holders are charged with providing full reports including performance-based statistics, impact data, and feedback from service users on contracts with social enterprises.</p> | <p>Co-ordinated reports on the achievement of Social Enterprise contracts</p> | <p>Produce an annual report on the performance of social enterprise SLAs and contracts.</p> |
| <p>Our scrutiny and evaluation processes:</p> <ul style="list-style-type: none"> are proportionate for the value of the contract funding we provide; and provide us with assurance that our funding is achieving the expected outcomes. | <p>SLA holders submit comprehensive reports which account for the measures within the agreement including monitoring and reviewing performance.</p> | <p>Co-ordinated reports on the achievement of Social Enterprise contracts</p> | <p>Produce an annual report on the performance of social enterprise SLAs and contracts.</p> |
| <p>Annually we report publicly:</p> <ul style="list-style-type: none"> on the work of Social Enterprises; | <p>Currently the council does not produce an annual report specifically for Social Enterprises</p> | <p>Co-ordinated reports on the achievement of Social Enterprise contracts</p> | <p>Produce an annual report on the performance of social enterprise SLAs and contracts.</p> |

| | | | |
|---|---|---|------------------------|
| <p>on the current performance of Social Enterprises we fund; how we will promote further opportunities for the sector in the future</p> | <p>however the Social Enterprise Lead officer reports monthly via project reporting and annually through corporate reporting channels and also to Welsh Government as part of the funding monitoring process</p> | | |
| <p>How well we are performing in delivering our S.16 responsibilities for Social Enterprises.</p> | <p>Social services have consistently look to support community development, social enterprises, and not for personal profit organisations both in the delivery of social care and early intervention and prevention.</p> <p>In the independent sector we have a provider that has recently been supported to become not for profit. This is Clocktower Community Services Ltd who provide significant day and work opportunity services for citizens in Flintshire.</p> <p>Several large contracts are currently held with 3rd sector organisations, such as day opportunities for people with learning disabilities, which is provided by Home Farm Trust.</p> <p>Social Services; As above, a mental health support service has moved from being council run to becoming a social enterprise, and we continue to support and work collaboratively</p> | <p>Improve understanding of section 16 responsibilities by social enterprises</p> | <p>Action Plan 4.5</p> |

| | | | |
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| | <p>with them. The council directly commissions with Double Click to train and support people with mental health conditions into employment.</p> <p>Social Services continually promotes social enterprises to citizens through the Third Sector Co-ordinator role in the Single Point of Access as described above.</p> <p>Social Services: As above, the way commissioning activities are undertaken encourages social enterprises to bid for contracts.</p> | | |
|--|---|--|--|

| Risk management | | | |
|--|---|-----------------------|-------------|
| Vision | What we are doing / Comments | What can we do better | Action Plan |
| We regularly review risks associated with our Social Enterprise contract funding | Departments holding SLAs with Social Enterprises will undertakes risk mitigation as part of the contract monitoring process | | |
| We agree risk management plans if risks are not being managed and mitigated. | The risk management process highlights risks which are not being managed and the need for mitigation processes to be put in place | | |

| | | | |
|---|---|--|--|
| <p>We have a rolling programme of internal audit systems testing and compliance reviews to ensure the robustness, efficiency and effectiveness of our contract funding of Social Enterprise services.</p> | <p>Where SLAs are in place, FCC sponsoring officers monitor the SLA holders performance and quality assure the accuracy of their report prior to being uploaded onto the system for funding</p> | | |
|---|---|--|--|

Flintshire County Council Social Enterprise Action Plan 2023-2025

Background

Flintshire County Council is a unitary authority located in North-East Wales with a population of approximately 150,000. The authority employs approximately 5,000 people and delivers or facilitates the delivery of a broad and complex range of services, especially to the most vulnerable in society. Flintshire County Council delivers its services directly through its own workforce and through private and third sector organisations. The authority spends over £160 million each year procuring goods and services from over 4,500 suppliers, service providers and contractors.

Flintshire County Council has long been firmly committed to the need for a strong, vibrant local social enterprise economy and recognises within the Council Plan the contribution social enterprises make within the community.

In 2013 Flintshire County Council, in response to the lack of accessible, practical support for social enterprises, created a new post to support the development of a sustainable social enterprise sector within the County. This resource, a fully qualified Business Advisor, provides free at the point of delivery business support, advice, and guidance to residents of Flintshire wanting to explore the development of social enterprise.

Over the past 10 years the Council has supported the development of approximately 100 new social enterprises as well as provided business support to grow and sustain existing social enterprises.

Following the release of the Welsh Audit Office report, “Social Enterprise - A Wasted Opportunity”, the Council undertook a self-assessment process to review its approach to supporting social enterprises and refreshed its action plan to include, wherever possible, the areas for improvement identified through the self-assessment process. The Council consulted with the members of the Flintshire Social Enterprise Stakeholder Group, consisting of social enterprise leaders from across the county, to develop the plan.

What We Do Well

Supporting enterprises

The business support, advice and guidance provided to the sector by Flintshire County Council has resulted the raising of the profile of social enterprise in Flintshire as well as the registration of of14 new social enterprises within the county every year. (Covid 19 lockdown years aside). The resulting social enterprise sector growth in Flintshire is demonstrated by social enterprises accounting for 5.1% of social businesses within Wales where Flintshire accounts for 3% of businesses in Wales. (“Mapping the Social Business Sector in Wales / Census 2022”. Social Business Wales)

Flintshire’s, free impartial social enterprise support is accessible regardless of whether the business is already established or a new start-up venture. The support provided includes, but is not restricted to, pre-start development, business, and financial planning; identification of appropriate legal structures and business registrations; preparing for investment and cash flow forecasting in addition to support with bid/tender writing; introduction to crowd funding; revenue modelling; marketing and governance and the development and delivery of bespoke training to meet the needs of social enterprises in Flintshire.

Within Flintshire we delivered a successful Community Asset Transfer (CAT) programme. The programme enabled 15 buildings owned by the Council, which were faced with closure, to be transferred to community ownership through the social enterprise model. Through the CAT, 30 community organisations are being supported to develop a business case for the activities to be delivered from within the buildings, providing amenities and services for the residents of Flintshire. All of these buildings have been transferred to community ownership on a ‘peppercorn rent’ allowing them the greatest opportunity of sustaining their activities and delivering necessary services identified by members of the communities in which they are based.

All Local Authorities have faced major budget pressures and will continue to do so for the foreseeable future. In Flintshire we see alternative delivery models as a flexible way to control costs, build sustainable income growth for social enterprises, thus protecting and even improving local services by involving local people in new and engaging ways. Flintshire County Council’s successful ADM programme safeguarded the future of libraries and leisure centres by converting them to employee-owned cooperative organisation, whereas the FCC catering and cleaning departments were converted into community led community Interest Company. Flintshire County Councils reprographics and printing

services were also converted into a Community Interest Company and now combines the provision of professional design and print services to any business whilst supporting mental health in the community. To achieve this, they create employment, work experience, training, and volunteering opportunities within a supportive and inclusive environment for those who face significant barriers to employment.

A number of social enterprises deliver services on behalf of FCC. For example, Double Click Design and Print Community Interest Company (CIC) deliver support to individual affected by mental health issues to help them develop the confidence and skills to secure meaningful employment. Dangerpoint in Talacre provide safety education through a Service Level Agreement (SLA) which provides the opportunity for schools to visit the centre and take a structured guided tour around the life-like scenarios. The centre has been designed to link in with the current curriculum, PSE curriculum, Healthy Schools Programme and fits in with the Estyn Common Inspection Framework.

Flintshire Council has worked collaboratively with social enterprise leaders from across the county to develop a support network. The now well-established Flintshire Social Enterprise Partnership meets regularly to give members the opportunity to share experiences, celebrate successes, develop collaborations, network with like-minded organisations, and share models of best practice with other members. A key outcome from the network has been the development of the Social Enterprise Stakeholder Group who work with collaboratively with the Local Authority on projects such as securing 'Social Enterprise Places' and the development of the 'Flintshire Social Impact Toolkit.'

All social enterprises who hold a Service Level Agreement (SLA) with Flintshire Council have an appointed Sponsoring Officer. This enhanced level of communication benefits both parties through regular SLA progress monitoring which is turn maximises the success of prescribed aims and outcomes within the SLA as well as create further opportunities for the social enterprises.

Recognition

In 2020 Social Enterprise UK officially recognised Flintshire as a registered 'Social Enterprise Place.' This registration acknowledges the range, quality, and level of social enterprise activity within the county and serves to raise the profile of Flintshire and the sector at a national level.

Working in partnership with the Flintshire Social Enterprise Network Stakeholder Group, an innovative "Flintshire Social Impact Toolkit" was designed, developed, and piloted by Flintshire County Council and the sector. The on-line toolkit identifies the social value of work being carried out and the financial impact that Flintshire based social enterprises are

generating as a result of their daily activities. This toolkit demonstrates the financial value of the social impact generated by social enterprises within Flintshire. During the 18 months pilot project, using 7 social enterprises, the toolkit identified almost £3m of social benefit within Flintshire. By 2024/25 we intend to increase the number of toolkit users to 30. Now fully audited by Flintshire County Council, participating businesses can accurately quantify their value of social benefit when applying for contracts, investment, finance, and sector awards. To date the financial year 2023/2024 the Impact Toolkit has identified £595,015 of social value achieved in Flintshire.

As part of Flintshire County Council's commitment to social enterprise, we introduced 'Social Enterprise of the Year' and 'Most Socially Responsible Business' categories to our annual Flintshire Business Awards. Sponsored and judged by independent organisations, these awards recognised the contribution social enterprises and socially responsible businesses made to Flintshire's economy and community.

As Flintshire is one of the few Local Authorities which has invested in a dedicated support for social enterprises, the Social Enterprise officer has provided, on an informal basis, support, advice, and guidance to other organisations across the region, including Wrexham Borough Council, Isle of Anglesey County Council and University of Chester.

This support has included mentoring, providing models of best practice, and promoting social enterprise to degree students.

Flintshire Social Enterprise Action Plan 2023 - 2025

Aims of the action plan are:

- Aim 1: Social enterprises will be better able to support each other
- Aim 2: Social enterprises will be better able to evidence their impact
- Aim 3: Social enterprises will have a higher profile
- Aim 4: Social enterprises will deliver more services on behalf of the public sector

| | Actions | Lead | Timescale | Measured | Action source |
|--|---|-------------------------------------|-------------------------|---|--|
| 1. Social enterprises will be better able to support each other | | | | | |
| 1.1 | Create a Terms of Reference for the network group and develop increased membership | FCC SE Officer & Social Ent Network | Annual Review | Numbers of social enterprises within the Network | Stakeholder Group |
| 1.2 | Develop a strong media focus to raise the profile of the sector and to promote social enterprise as a business model that significantly contributes to the local economy: e.g. Promote social enterprise events, regular press releases and the development of appropriate social media platforms (Twitter, Facebook business page, Instagram.) | FCC SE Officer & Social Ent Network | 2023 and ongoing | Development of Business Facebook Page Number of press releases Number of events delivered | Stakeholder Group Response to WAO Report Updated from previous SE Plan |
| 1.3 | Maintain mentoring and business support to strengthen the social enterprise sector and to help existing social enterprises to grow and sustain their organisations. | FCC Officer & Social Enterprises | Continual | Annual Reporting - Number of mentoring relationships and support sessions delivered | Stakeholder Group Updated from previous SE Plan |
| 1.4 | Develop opportunities for social enterprises to provide mentoring for other social enterprises to share best practice and promote business growth. | FCC Officer | On an as and when Basis | Number of mentoring relationships developed | Stakeholder Group |

| 2. Social enterprises will be better able to evidence their impact | | | | | |
|--|--|--|-------------------------|--|--|
| 2.1 | <p>Continue to develop Social Impact Reporting toolkit in order to increase the number of 'activities' measured as well as secure a more accurate snapshot of the social impact value of social enterprise in Flintshire</p> <p>Increase the number of social enterprises accessing the social Enterprise Impact Toolkit</p> <p>Increase the number of activities measured by the toolkit</p> | FCC Officer & Social Ent Stakeholder Group | To be reviewed annually | <p>Value of social benefit captured</p> <p>Number of SEs using the toolkit</p> <p>Number of activities reported within the toolkit</p> | Stakeholder Group |
| 2.2 | <p>Deliver training workshops for the sector specific to their needs. Develop and advertise a suite of training sessions including;</p> <ul style="list-style-type: none"> • Business Planning • Preparing for Investment • Cash Flow Forecasting • Bid Writing • Introduction to Crowd Funding • Revenue Modelling • Marketing • Governance <p>This training is tailored to the specific needs of social enterprises, developing new business skills within the social entrepreneurs leading to increased business confidence and enhanced sustainability</p> | FCC Social Enterprise Officer | To be reviewed annually | <p>Number of entrepreneurs accessing training sessions</p> <p>Improved business confidence of social enterprises</p> <p>Continued social enterprise growth</p> | <p>Stakeholder Group</p> <p>Update from previous Action Plan</p> |

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| 2.3 | Identify opportunities to work with private sector contractors to achieve the community benefits elements of their contracts by providing support to the social enterprise sector in Flintshire. Work with Flintshire colleagues to increase the number of social enterprises attending 'Meet the Buyer' events to encourage working with the private sector as part of their supply chain. | SE Officer FCC/ Community Benefits Officer FCC Private Sector contractors | To be reviewed annually | Level of support and number of interventions received by social enterprises from Private Sector contractors | Stakeholder Group Update from previous Action Plan |
| 3. Social enterprises will have a higher profile | | | | | |
| 3.1 | Explore opportunities for social enterprises to present at Strategic Boards e.g. Regional Boards, Welsh Government Groups etc in order to raise both the profile and awareness of social enterprise as potential service delivery partners | Flintshire Social Enterprise Partnership | To be reviewed annually | Number of Regional/strategic boards attended | Stakeholder Group Update from previous Action Plan |
| 3.2 | Develop increased understanding of the opportunity that social enterprise presents as service delivery partners through development and delivery of awareness raising events delivered by social enterprises for: <ul style="list-style-type: none"> Local Authority Officers Elected Members Jobcentre + Other potential partner organisations | SE Officer FCC / Flintshire Social Enterprise Network | To be reviewed annually | Number of events delivered Number of Officers attending Number of Elected Members attending | Stakeholder Group Response to WAO Report |
| 4. Social enterprises will deliver more services on behalf of the public sector | | | | | |
| 4.1 | Review procurement strategy to enable social | Flintshire | 2023 | Number of | Stakeholder |

| | | | | | |
|-----|--|---------------------------|-------------------------|---|---|
| | enterprises to compete for contracts with the Local Authority. In line with new guidelines as they are developed and released | County Council | onwards | contracts tendered for by Social Enterprises | Group Response to WAO Report |
| 4.2 | Mapping of the social enterprise sector in Flintshire including areas of work by developing an interactive social enterprise directory on FCC Website in order to enable social enterprises to advertise their goods/services. explore partnership working and collaborative working opportunities | Social Enterprise Officer | 2023 and ongoing | | Stakeholder Group |
| 4.3 | Support Social Enterprises to increase procurement opportunities by developing awareness raising events for collaborations between social enterprises to be formed ahead of a contracting opportunities. | Flintshire County Council | To be reviewed annually | Number of events delivered/attended by SEs Number of contracts tendered for by Social Enterprises Number and value of contracts secured by Social Enterprises | Stakeholder Group Response to WAO Report |
| 4.4 | Nominate 'Sponsoring Officers' from relevant departments to signpost colleagues and or service users to social enterprises with the potential to become service providers to: <ul style="list-style-type: none"> • Make social enterprises aware of | Flintshire County Council | To be reviewed annually | Number of 'Sponsoring Officers' nominated Number of | Stakeholder Group Response to WAO |

| | | | | | |
|-----|---|---------------------------|-------------------------|--|--|
| | <p>upcoming contracting opportunities</p> <ul style="list-style-type: none"> • Raise awareness of social enterprise service providers and their offer among colleagues to increase their potential to secure contracts with the LA • Promote social enterprise activity to current clients/beneficiaries in order to increase uptake of the social enterprise offer | | | contracts secured by social enterprises | Report |
| 4.5 | <p>Flintshire County Council to deliver awareness Sessions around subjects including:</p> <ul style="list-style-type: none"> • Dynamic Purchasing System • Social Prescribing • Section Social Welfare Act 2016 • Social Partnership and Public Procurement (Wales) Act (SPPP) • Changes to procurement guidelines • Health and Social Care Regional Integration Fund | Flintshire County Council | To be reviewed annually | <p>Number of awareness sessions delivered</p> <p>Number of social enterprises attending awareness sessions</p> | <p>Stakeholder Group</p> <p>Response to WAO Report</p> |
| 4.6 | <p>Publish, and share the FCC Social Services Report on 'Improvement Journey in providing services to people in its area' allowing Social Enterprises to contribute to the outcomes</p> | Flintshire County Council | 2023 and annually | <p>Production of the report</p> <p>Number of social enterprises contributing to the outcomes</p> | <p>Stakeholder Group</p> <p>Response to WAO Report</p> |

Delivering the Action Plan

Day to day responsibility for co-ordinating the delivery of the Action Plan will rest with the Council Business Development team. Progress will be reported on a regular basis to:

- FCC Cabinet and Scrutiny through the Council Plan reporting process
- Flintshire Economic Recovery Group
- Flintshire Social Enterprise Stakeholder Group

The Action Plan will be reviewed at least annually and updated as required based on performance, responding to external drivers and feedback from stakeholders.

Eitem ar gyfer y Rhaglen 6



GOVERNANCE AND AUDIT COMMITTEE

| | |
|------------------------|--|
| Date of Meeting | Wednesday, 24 th January 2024 |
| Report Subject | Risk Management Update |
| Report Author | Strategic Performance Advisor |
| Type of Report | Assurance |

EXECUTIVE SUMMARY

Risk Management is the process of identifying and assessing risks, evaluating their potential consequence, and mitigating them to ensure priorities are achieved. The aim is to minimise the severity of their consequence and likelihood of occurring where possible. Overall Risk Management should:

- Create value to the organisation
- Be part of ensuring internal controls are effective
- Enable effective decision making
- Aid the delivery of actions / services

Flintshire County Council is responsible for delivering both statutory and non-statutory services to residents and business within Flintshire. To enable the Council to deliver these services effectively, the Council needs to consider a wide range of risks and opportunities in the decisions that are made at all levels across the Council, and these are recorded in the form of a risk register.

RECOMMENDATIONS

| | |
|---|---|
| 1 | To review and approve the revised Risk Management Framework (January 2024). |
| 2 | To review and accept the Council's Strategic Risk Overview Report. |

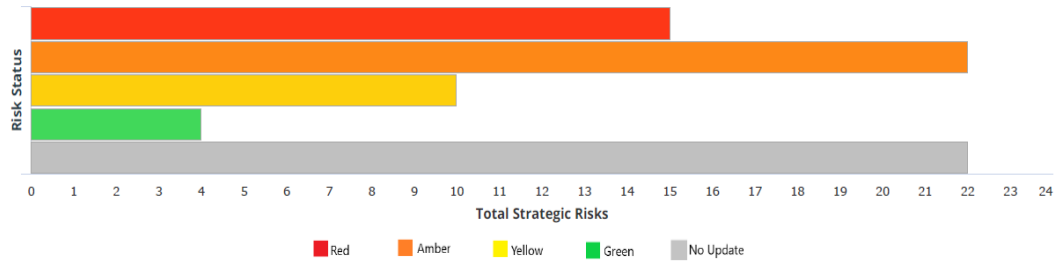
REPORT DETAILS

| | |
|-------------|---|
| 1.00 | EXPLAINING THE RISK MANAGEMENT REPORT |
| 1.01 | <p>Risk Management Journey</p> <p>Following the approval of the Risk Management Framework in September 2022, there has been much development regarding risk management, this includes:</p> <ul style="list-style-type: none">• Portfolio was tasked with reviewing all their risks and those within their recovery risk registers. Risks were closed where no longer relevant and those that remained became business as usual risks. This was a complex review which covered strategic, operational, and where relevant project risks.• In March 2023, an in-depth review of all Portfolio risk registers was completed by Internal Audit, with Internal Audit providing recommendations of where changes needed to be made.• During April and May 2023, all Portfolios reviewed their risk registers based on recommendations from Internal Audit, including risks associated with the Council Plan 2023-28.• Designing and building of risk management module within InPhase (performance and risk management system) commenced in May 2023 and all Portfolio risk registers are now in InPhase.• Training on the use of InPhase has been rolled out to all relevant officers and the review of risks within InPhase has been in place since October 2023.• Development of a Risk Management E-learning module will be finalised in January 2024, with a timeframe for all Senior Managers and Risk Owners / Supporting Officers to complete in February / March 2024.• Review of the Risk Management Framework has been undertaken and Chief Officers and Performance Leads have been consulted. |
| 1.02 | <p>As of October 2023, Portfolios have been updating their risks directly in InPhase. There are a few Portfolios who are taking this opportunity to undertake an in-depth review of all their risks (strategic, operational and project).</p> <p>The Performance and Risk Management Team have provided InPhase demonstration sessions to support them with the transition of updating risks from an excel spreadsheet to the InPhase system.</p> |
| 1.03 | <p>Risk Management Framework</p> <p>The Risk Management Framework (September 2022) was reviewed during December 2023 and amendments have been made to the Risk Management Framework, this includes:</p> <ul style="list-style-type: none">• An introduction has been added to the revised document• Risk definitions have been amended• Internal Audit are now included in Section 4, Roles and Responsibilities with clarity provided around their roles and responsibilities regarding risk management. |

| | | | | | | | | | | | |
|--------------------------|--|--------------------------|----------------------|----------------------|--------------|------------|--------------------------|---------------------------|--------------------------|----------------------|----------------------|
| | <ul style="list-style-type: none"> • In Section 5, Risk Management Process, the image detailing the risk management cycle has been refreshed. • A method to identify a risk in the form of a PESTEL (Political, Economic, Social, Technological, Environment and Legal) analysis has been included in Section 5, Risk Management Process. • When assessing the likelihood and impact of a risk, further information has been provided in Section 6, Risk Scoring to provide details of the risk matrix and approach to scoring a risk. • Contact details of the Performance and Risk Management Team and Performance Leads have been amended to provide a generic email address. • There has been some formatting and amendments made to the structure within the review of Risk Management Framework, this includes merging aspects of the roles and responsibilities and communication and reporting into a new Section 4, Roles, and Responsibilities. | | | | | | | | | | |
| 1.04 | During December 2023 – January 2024, the Risk Management Framework has been through a consultation process with Chief Officers and Performance Leads providing comments and feedback to the Performance and Risk Management Team. | | | | | | | | | | |
| 1.05 | The Risk Management Framework is being presented to the Governance and Audit Committee, not only for comments and feedback as part of the consultation process but also your approval of the framework. | | | | | | | | | | |
| 1.06 | The Risk Management Framework will be presented to other Committees for information only over the coming months to ensure that Elected Members have an awareness of their roles and responsibilities. | | | | | | | | | | |
| 1.07 | <p>Strategic Risk Overview</p> <p>This is the first report to Governance and Audit Committee, since the Framework was approved, and the new Risk Management system was implemented. The report provides details of all strategic risks across the Council (see Appendix C: Flintshire County Council Strategic Risks, December 2023).</p> <p>The report details the total number of strategic risks across the Council, including details of the RAYG (Red, Amber, Yellow, Green) status, details of any risks which are deteriorating, improving, escalating and are above target or within target.</p> | | | | | | | | | | |
| 1.08 | <p>The dashboard below provides an overview of all the strategic risks across the Council at the point they were last reviewed. In total, there are 73 risks with a RAYG status of 19 risks being a red, 35 amber, 14 yellow and 5 risks a green RAYG status.</p> <table border="1"> <tr> <td>Total 73</td> <td>Red 19</td> <td>Amber 35</td> <td>Yellow 14</td> <td>Green 5</td> </tr> <tr> <td>Risks Above Target 48</td> <td>Risks Within Target 25</td> <td>Risks Deteriorating 2</td> <td>Risks Improving 2</td> <td>Escalated Risks 0</td> </tr> </table> | Total 73 | Red 19 | Amber 35 | Yellow 14 | Green 5 | Risks Above Target 48 | Risks Within Target 25 | Risks Deteriorating 2 | Risks Improving 2 | Escalated Risks 0 |
| Total 73 | Red 19 | Amber 35 | Yellow 14 | Green 5 | | | | | | | |
| Risks Above Target 48 | Risks Within Target 25 | Risks Deteriorating 2 | Risks Improving 2 | Escalated Risks 0 | | | | | | | |

1.09

The below bar graph provides details of the risk status following the last months (December 2023) review. This will always be different to the graph above where risks are not reviewed within the last reporting period. This graph provides details of not only the RAYG status of the strategic risks but also where no update has been provided.



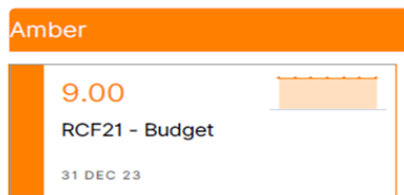
The comprehensive review of risks mentioned in paragraph 1.02 above may be the reason why there has been limited updating for some of these risks. This is monitored and reported in a monthly report to the Chief Officer Team.

1.10

The overview report for Governance and Audit Committee provides a summary of:

- Risks above target;
- Risks within target;
- Deteriorating risks;
- Improving Risks; and
- Escalated Risks

For each, their RAYG status is shown within a 'risk score card' (example below) together with the latest update.



The score card provides you with the risk code / title; the current risk score (9); the direction of travel; and the date of last review.

In summary for the month of December there are:

| Risks Above Target | Risks within Target | Deteriorating Risks | Improving Risks | Escalated Risks |
|--------------------|---------------------|---------------------|-----------------|-----------------|
| 48 | 25 | 2 | 2 | 0 |

1.11

Reporting

Going forward in accordance with the Risk Management Framework

- A monthly report will be provided to Chief Officers Team of all strategic risks, escalating risks, deteriorating risks, direction of travel has not changed for a risk within a six-month period and any new or closed risks. This report will also highlight where reviews and updates have not been undertaken;

| | |
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| | <ul style="list-style-type: none"> Quarterly, each Overview and Scrutiny committee will receive a high-level overview of Portfolio strategic, project and operational risks with the exception of Corporate Resources Overview and Scrutiny Committee; Quarterly Corporate Resources Overview and Scrutiny Committee and Cabinet will receive a summary Strategic Risks report for the Council; Bi-annually Governance and Audit Committee will receive the summary Strategic Risks report for the Council. |
|--|--|

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| 2.00 | RESOURCE IMPLICATIONS |
| 2.01 | There are no specific resource implications for this report. |

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|-------------|--|
| 3.00 | CONSULTATIONS REQUIRED / CARRIED OUT |
| 3.01 | <p>Chief Executive, Chief Officers, Performance Leads have all been consulted upon the review of the Risk Management Framework.</p> <p>Cabinet and Overview and Scrutiny Committees will also have the opportunity to review the content of the Risk Management Framework.</p> |

| | |
|-------------|---|
| 4.00 | RISK MANAGEMENT |
| 4.01 | Review of the Risk Management Framework considers the impact and importance of managing risks effectively across the Council. |

| | |
|-------------|--|
| 5.00 | APPENDICES |
| 5.01 | <p>Appendix A: Risk Management Framework – Revised January 2024</p> <p>Appendix B: Risk Management Framework – September 2022</p> <p>Appendix C: Flintshire County Council Strategic Risk Register – December 2023</p> |

| | |
|-------------|--|
| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
| 6.01 | N/a |

| | |
|-------------|---|
| 7.00 | CONTACT OFFICER DETAILS |
| 7.01 | <p>Contact Officer: Emma Heath (Strategic Performance Advisor)</p> <p>Telephone: 01352 702 744</p> <p>E-mail: emma.heath@flintshire.gov.uk</p> |

| | |
|------|---|
| 8.00 | GLOSSARY OF TERMS |
| 8.01 | <p>Risk Management - The process of identifying risks, evaluating tier 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>Risk Register - A risk register forms part of the risk management tool and is used to analyse current and potential risks. A risk register is completed for each Portfolio.</p> |

Risk Management Framework



December
2023

Document Control

Overview

| | |
|---------------------|---|
| Title | Risk Management Framework |
| Owner | Internal Audit, Performance and Risk Manager |
| Nominated Contact | Lisa Brownbill (lisa.brownbill@flintshire.gov.uk) |
| Reviewed By | Internal Audit, Performance and Risk Manager |
| Date of Last Review | December 2023 |
| Date of Next Review | December 2024 |
| Related Documents | Risk Management – InPhase User Guide |

Revision History

| Version | Issue Date | Author | Summary of Changes |
|---------|----------------|-------------------------------|---|
| 1 | March 2020 | Strategic Performance Advisor | New guidance document |
| 2 | February 2021 | Strategic Performance Advisor | Inclusion of escalation procedure |
| 3 | September 2022 | Strategic Performance Advisor | Fit for purpose review and update. |
| 3.2 | December 2023 | Strategic Performance Advisor | Annual review following role out of InPhase |

Consultation

| Version | Who | Date |
|---------|--|---------------------|
| 1 | Performance Leads | 17th January 2020 |
| 1 | Chief Officers Team | 26th February 2020 |
| 2 | Chief Officers Team | 20th January 2021 |
| 3 | Chief Officers Team | 16th August 2022 |
| 3 | Performance Leads | 21st September 2022 |
| 3.2 | Performance Leads and Chief Officer Team | December 2023 |

Approval

| Version | Who / Where | Date |
|---------|---|--------------------|
| 1 | Chief Officers Team | 26th February 2020 |
| 2 | Chief Officers Team | 20th January 2021 |
| 3 | Chief Officers Team | 16th August 2022 |
| 3 | Governance and Audit Committee | 14th November 2022 |
| 3.1 | Governance and Audit Committee – Additional information | 14th November 2022 |
| 3.2 | Governance and Audit Committee | 24th January 2024 |

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1. Introduction

Flintshire County Council (the Council) is responsible for delivering both statutory and non-statutory services to residents and business within Flintshire. To enable the Council to deliver these services effectively, the Council needs to consider a wide range of risks and opportunities in the decisions that are made at all levels across the Council.

2. What is Risk Management?

Risk management is the process of identifying risks, evaluating the potential impact, and mitigating them. The aim is to minimise the severity of their impact and likelihood of occurring where possible. Risk management is invaluable to the Council and should form part of the day-to-day management of a service. Some of the benefits to managing risks include;

- prevents reputational damage,
- informs decision making,
- leads to successful future planning.

3. What is Risk?

Risk is defined as the **possibility that events will occur and affect the achievement of strategy and business objectives**. A 'risk' is made up of an event, which if left untreated and with no controls in place, will have an impact on the Council and service delivery.

3.1 Types of Risk

There are three main risk types at Flintshire County Council, they are:

- **Strategic** - risks which have an impact to the operation of the organisation, for example, Health and Safety, Systematic IT Failure and GDPR. A strategic risk requires corporate ownership.
- **Operational** - risks that affect the successful delivery of individual service objectives/delivery plans, and which are controlled by a single Portfolio.

- **Project/Programme** – risks that prevent the successful delivery of a project or programme to be completed on time, on budget and achieving the desired outcomes e.g., a capital investment project for a new school.

3.2 Risk Appetite

Risk appetite is defined as the amount of risk an organisation is willing to accept or tolerate to achieve its intended objectives. In an organisation as large and diverse as the Council, it is difficult to define a singular risk appetite. Appetite for risk will vary due to the objectives being undertaken in the Council spanning a wide range of different service areas. The Chief Officer Team has the final collective decision if risk appetite has been reached or breached through monthly monitoring reports.

As an organisation the Council recognises that we must accept some risk to achieve our objectives. These are considered as opportunities. The Council's approach to risk is to ensure a culture of being informed and risk aware. The Council may have to accept major or catastrophic risks, which cannot be reduced or eliminated (and therefore these risks would have to be managed within the Council's risk appetite). However, by ensuring the **Risk Management Framework** and **InPhase User Guides** (the Council's performance and risk management system) are followed and risks are reviewed monthly, the Council will have good corporate oversight of such risks.

4. Roles and Responsibilities

Everyone at the Council is responsible for ensuring risks and opportunities are identified and managed at all governance levels.

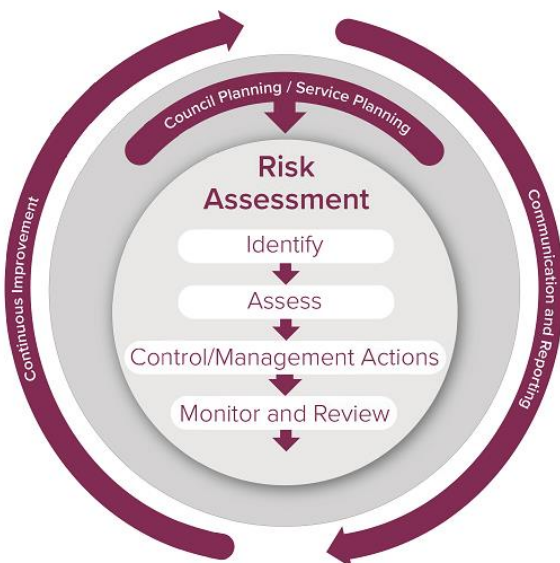
The table below explains the key roles and responsibilities to ensure risk management is effective within the Council, which includes:

| Governance Arrangements, Members and Officer Roles | Description of Roles and Responsibilities |
|--|--|
| Cabinet Members | <ul style="list-style-type: none"> • Ensuring that the Council’s risks and opportunities are managed effectively, and procedures are in place to monitor the management of significant strategic risks • Setting the appropriate level of risk appetite for the Council • To review the Council’s full strategic risk register on a quarterly basis • To ensure that all strategic decisions have been fully considered and consulted upon (risks and opportunities) |
| Overview and Scrutiny Committees | <ul style="list-style-type: none"> • Challenging the detail of individual risks related to the Council Plan priorities for example, or a service/function • Reviewing all high-level (this can include strategic, operational and / or project) risks (red and increasing) for assurance and monitoring as well as those escalated for review • Promote the use of risk management to inform effective strategic decision making |
| Governance and Audit Committee | <ul style="list-style-type: none"> • Reviewing the effectiveness of the Council’s Risk Management Framework, processes, and systems • Effective forward work planning for risk management • To receive a bi-annual risk profile report on all Strategic risks • High level overview of escalated and deteriorating risks • Consider and approve annual reviews of the Risk Management Framework |
| Chief Officer Team | <ul style="list-style-type: none"> • The Chief Officer Team owns and lead the risk management process. • Implementation of the risk management process and related policies • Ensuring that risks are managed, monitored and reviewed within their relevant statutory roles • Set strategic risk management controls for any initiatives, projects, action plans • Discussing the appropriate level of risk for the Council (risk appetite) • Identification and assessment of risk levels • Challenging the outcomes of risk management • Monitoring and reviewing risks in accordance with the Risk Management Operational Procedures • Assurance of Business Continuity Planning |

| | |
|--|---|
| | <ul style="list-style-type: none"> • Reviewing information within monthly reports to ensure continuous risk identification, assessment, monitoring, and escalation takes place • Ensuring that all risks are reviewed and updated in line with the Council's Risk Management Framework |
| Service / Departmental Management Team | <ul style="list-style-type: none"> • Risk management and ownership of risk is a key element of any management role within the Council • The identification, assessment, control, and monitoring / reporting of Portfolio risk registers, (this includes Council Plan, Business as Usual, Partnerships or emerging risks) in accordance with the Risk Management Framework • Reviewing and managing the risks identified for which they are responsible for monthly. • Sharing relevant information regarding risks with colleagues in other service areas • Risk management should be discussed at all Senior Management Team meetings |
| Performance and Risk Management Team (PRM Team) & Internal Audit, Performance and Risk Manager | <ul style="list-style-type: none"> • Ensuring the Risk Management Framework is adhered to • Providing advice and support where appropriate • Quality control and challenge (if applicable) of any new risks identified • Providing a monthly risk dashboard for each Portfolio detailing their risk profile • Providing risk profile and trend analysis for relevant Committees • Informing Chief Officers of new or escalating risks • Providing a monthly risk report to the Chief Officer Team (COT) • Responsible for oversight and development of Performance and Risk Management System |
| Risk Owners | <ul style="list-style-type: none"> • Responsible for managing and monitoring a specific risk (each risk in the Portfolio risk register is assigned a risk owner) • Ensure that appropriate resources and importance are allocated to the risks they own • Confirm the existence and effectiveness of existing actions and ensure that any further actions are implemented • Review risks during Supervision with their manager • Provide assurance that the risks for which they are the risk owner are being effectively managed • Any risks which are escalating are reported to relevant Senior / Departmental Management Team |
| Performance Leads | <ul style="list-style-type: none"> • Effective implementation of the risk management process and related policies within their Portfolio |

| | |
|---------------------|---|
| | <ul style="list-style-type: none"> • Ensuring continuous risk identification, assessment, control, monitoring, reporting and escalation takes place within their Portfolio • Ensuring that all risks are updated in line with the Council’s Risk Management Framework • Responsible for having oversight of Portfolio risks and use of the Performance and Risk Management System • Where an operational risk may need to become a strategic risk this will be highlighted to Chief Officer Team (COT) and corporately owned as a strategic risk, if applicable |
| Internal Audit Team | <ul style="list-style-type: none"> • Periodic reviews of the Council’s risks (strategic, operational and project) • Liaise frequently with the Performance and Risk Management Team |
| All Employees | <ul style="list-style-type: none"> • Maintain an awareness and understanding of risk in their workplace • Comply with Council policies and procedures for risk management • Notify their line manager of any identified risk and proposed actions to mitigate the risk • Report any incident to their line manager of a risk tolerance breach |

5. Risk Management Process









Risk management is a continuous process and is often done in a sequence of four key stages:

1. Identify
2. Assess
3. Control / Management Actions
4. Monitor and Review

Stage 1: Identify

Risk identification is a continuous process which is embedded in Council Planning, Portfolios (and Service Areas within Portfolios), Business Planning, Project Management, partnerships and as part of business as usual or when something changes. Risks can be identified through planning processes, emerging risks and when expected performance is not achieved. When identifying a risk, it should be very clear what the risk is, to the Council, project(s), service delivery or priorities. A method to identify a risk is using a PESTEL analysis:

| Political | Economic | Social | Technological | Environmental | Legal |
|--|---|--|---|--|---|
|  |  |  |  |  |  |
| <ul style="list-style-type: none"> • Elections and Member roles • Government changes • National Policy change | <ul style="list-style-type: none"> • Funding • Grants • Local growth • Trade • Financial commitments | <ul style="list-style-type: none"> • Deprivation • Health • Resources • Community support • Social Care | <ul style="list-style-type: none"> • Transformation • Digital inequality • Data migration • Information governance • Cyber | <ul style="list-style-type: none"> • Climate change • Extreme weather • Biodiversity • Energy efficiency | <ul style="list-style-type: none"> • Regulatory change • Compliance • Statutory duties • Laws |

Once a risk has been identified it should be given a clear and concise risk title. Risk should be identified by using qualitative (milestones and actions) and quantitative (performance indicators, financial data). This is called Risk Evidence and will be used to calculate the risk scoring and be used to measure against risk tolerance.

For every identified risk there **MUST** be a risk owner.

When thinking about identifying a risk consider using the following statement:

This (event) could happen due to (cause) which may result in the following (impact) to our objectives.

Stage 2: Assess

Assessing risk is about prioritising key threats and opportunities and understanding their scale.

Typically, risk is measured in:

- **Likelihood** – how likely will the risk happen
- **Impact** – how severe would the outcomes be if the risk occurred

Once a score for each of the measures has been established, they are multiplied together to generate a final risk score. The higher the score, the higher the priority and urgency of the risk (please see Section 6, Risk Matrix, for further information).

Stage 3: Control / Management Actions

Once a risk has been identified and assessed the next step is to decide on the best method of managing the risk.

It is important to identify what additional internal controls / actions and measures are required to reduce the risk or to prevent the risk from escalating further. The Council may not always be able to reduce the likelihood with internal controls, however the aim is to always reduce the impact.

A key question to ask is: 'What are you going to do about it?'

Stage 4: Monitor and Review

Monitoring and reviewing of risks is a **'live'** process and must be continuously monitored at the appropriate levels (Cabinet, Chief Officer Team, Senior Management). Risks are constantly changing as the external environment alters and / or internal factors change, therefore it is important to monitor that:

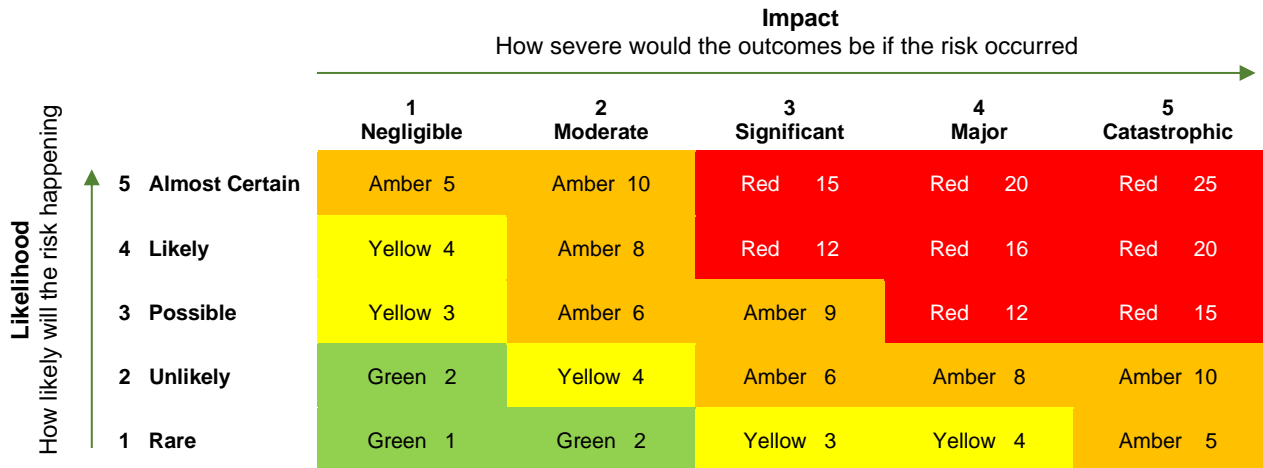
- The risk has not changed
- The approach to controlling the risk is still appropriate
- Controls are still working effectively to manage or reduce the risk
- Through regular review a new risk has been identified
- A risk can now be closed (has been successfully mitigated or the risk no longer exists)
- The risk is not deteriorating (if a risk is deteriorating the escalation process should be followed, please see Section 7, Compliance and Monitoring, for further information)

6. Risk Scoring

When assessing the likelihood and impact of a risk, consideration must be giving to 'How likely the risk could happen' and 'How severe would the outcome be is the risk occurred?'

6.1 Risk Matrix

The Risk Matrix (below) must be used when calculating impact and likelihood score to have an overall score. Risks are then categorised via the overall score and a colour rating to determine the tolerance of risk.



6.2 Approach to Management / Appetite of Risk

The table (below) provides guidance on the Council’s risk’s appetite depending on the final overall score of a risk.

| Colour | Score | Approach | Action |
|--------|-------|--------------|--|
| Green | 1-2 | Accept | Risks within the Council’s risk appetite. |
| Yellow | 3-4 | Adequate | Risks within the Council’s risk appetite which need to be monitored by Senior Management, if risk deteriorates |
| Amber | 5-10 | Tolerable | Risks within the Council’s risk appetite but not at a level which is acceptable. |
| Red | 12-25 | Unacceptable | Risks outside of the Council’s risk appetite |

6.3 Examples of Risk Scoring

The table below provides examples and can be used as a guide to score a risk.

| Impact Severity (Examples) | | | | | Likelihood | | |
|--|--|--|--|---|--|--------------------------|---|
| | Service Delivery | Financial | Reputation | Legal | Likelihood of Risk Occurring | | |
| 1 Negligible 2 Moderate 3 Significant 4 Major 5 Catastrophic | No noticeable impact | Expenditure or loss of income up to £50k | Internal review | Legal action very unlikely and defensible | 1 Rare 2 Unlikely 3 Possible 4 Likely 5 Almost Certain | Less than 5% chance | May only occur in exceptional circumstances |
| | Some temporary disruption to a single service areas / delay in delivery or one of the Council's key strategic outcomes or priorities | Expenditure or loss of income greater than £50k but less than £500k | Internal scrutiny required to prevent escalation | Legal action possible but unlikely and defensible | | Could occur but unlikely | |
| | Disruption to one or more services / a number of key strategic outcomes or priorities would be delayed or not delivered | Expenditure or loss of income greater than £500k but less than £2.5m | Local media interest. Scrutiny by external committee or body | Legal action expected | | A change it might occur | |
| | Severe service disruption on a service level with many key strategic outcomes or proprieties delayed or not delivered | Expenditure or loss of income greater than £2.5m but less than £6m | Intense public and media scrutiny | Legal action almost certain and difficult to defend | | Will probably occur | |
| | Unable to deliver most key strategic outcomes or priorities / statutory duties not delivered | Expenditure or loss of income greater than £6m | Public Inquiry or adverse national media attention | Legal action almost certain, unable to defend | | Very likely to occur | |

7. Communication and Reporting

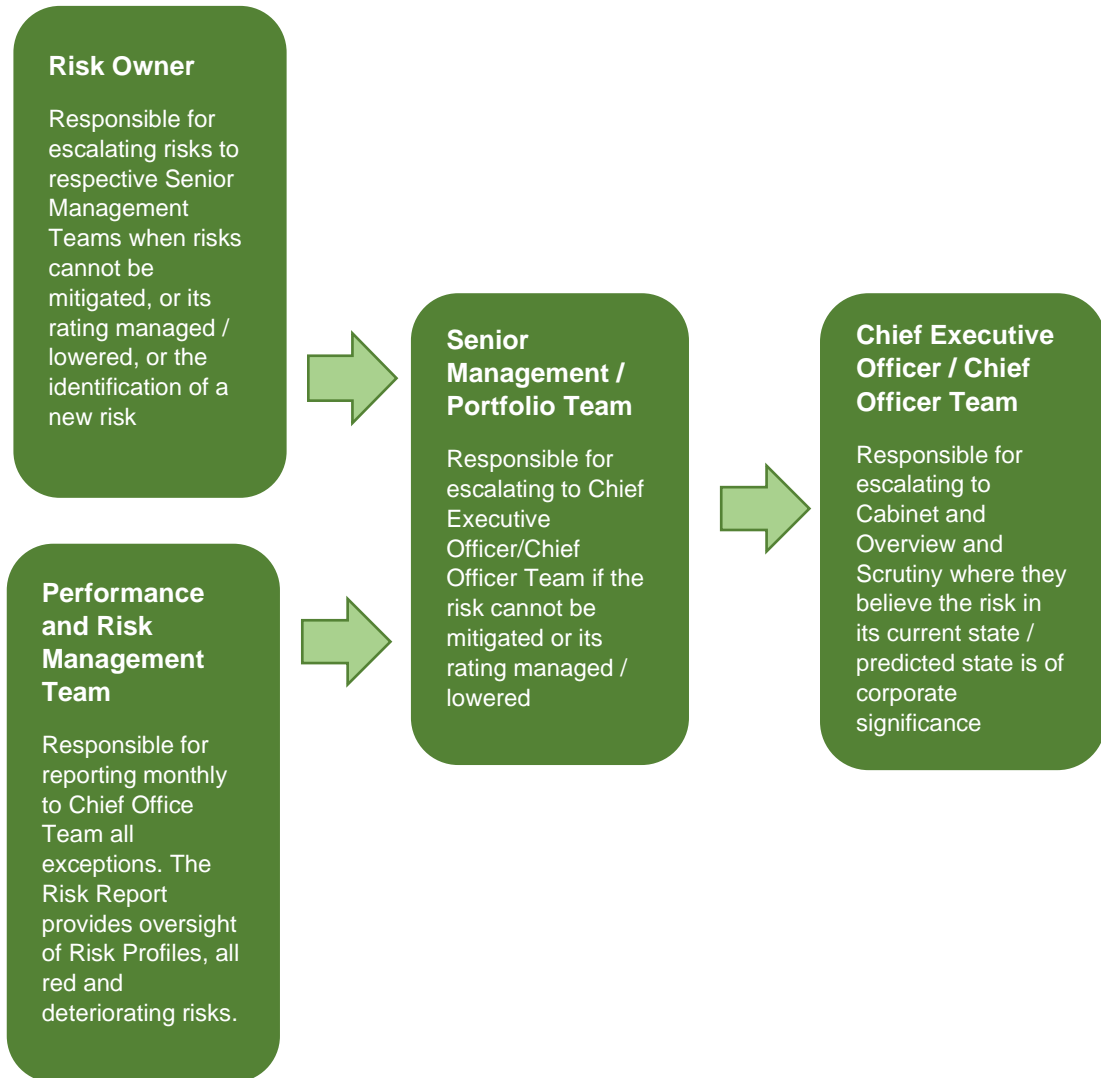
For risk management to be effective it needs to be integral to the day-to-day operation of the work the Council undertakes. This involves not only the four key steps of identification, assessing, control / management and, monitoring and reviewing of risks but also clear forms of communicating and reporting on risks. Where developments happen over time, it is important that this is communicated and reported to ensure the information has been captured and included within this document for consistency of approach.

7.1 Non-Compliance Monitoring

It is essential that the Risk Management Framework is followed, and risks are reviewed monthly. Where this does not occur, this is considered as non-compliance with the process and a non-compliance report will be shared with the Chief Officer Team.

7.2 Escalation of Risk

The diagram below provides an overview of roles and responsibilities when an escalating risk has been identified.



7.3 When Does a Risk Need to be Escalated?

A risk needs to be escalated:

- When the risk appetite/risk target level is breached (this will be informed by risk evidence¹)
- When risk mitigation cannot be managed within the Portfolio and:
 - A Council Plan/Strategy priority is compromised and/or
 - Service operations or performance will be seriously compromised and/or

¹ Risk evidence is used to assess and manage risk, this includes internal controls and measures

- The financial, legal, or reputational position of the Council might be compromised and/or
- An emergency situation might develop

7.4 What is the Operating Procedure for Escalation?

Where it has been identified that a risk needs escalating, the escalation procedure will be followed, and COT will be notified of:

- A risk which has a RAYG (red, amber, yellow, green) status, including all three types of risks
- Any risk which has deteriorated, regardless of RAYG status
- Any new risk to ensure corporate oversight
- The identification of an operational risk needing to become a strategic risk

Further Information

If you wish to receive any further information regarding the Risk Management Framework, please contact the Performance and Risk Management Team.

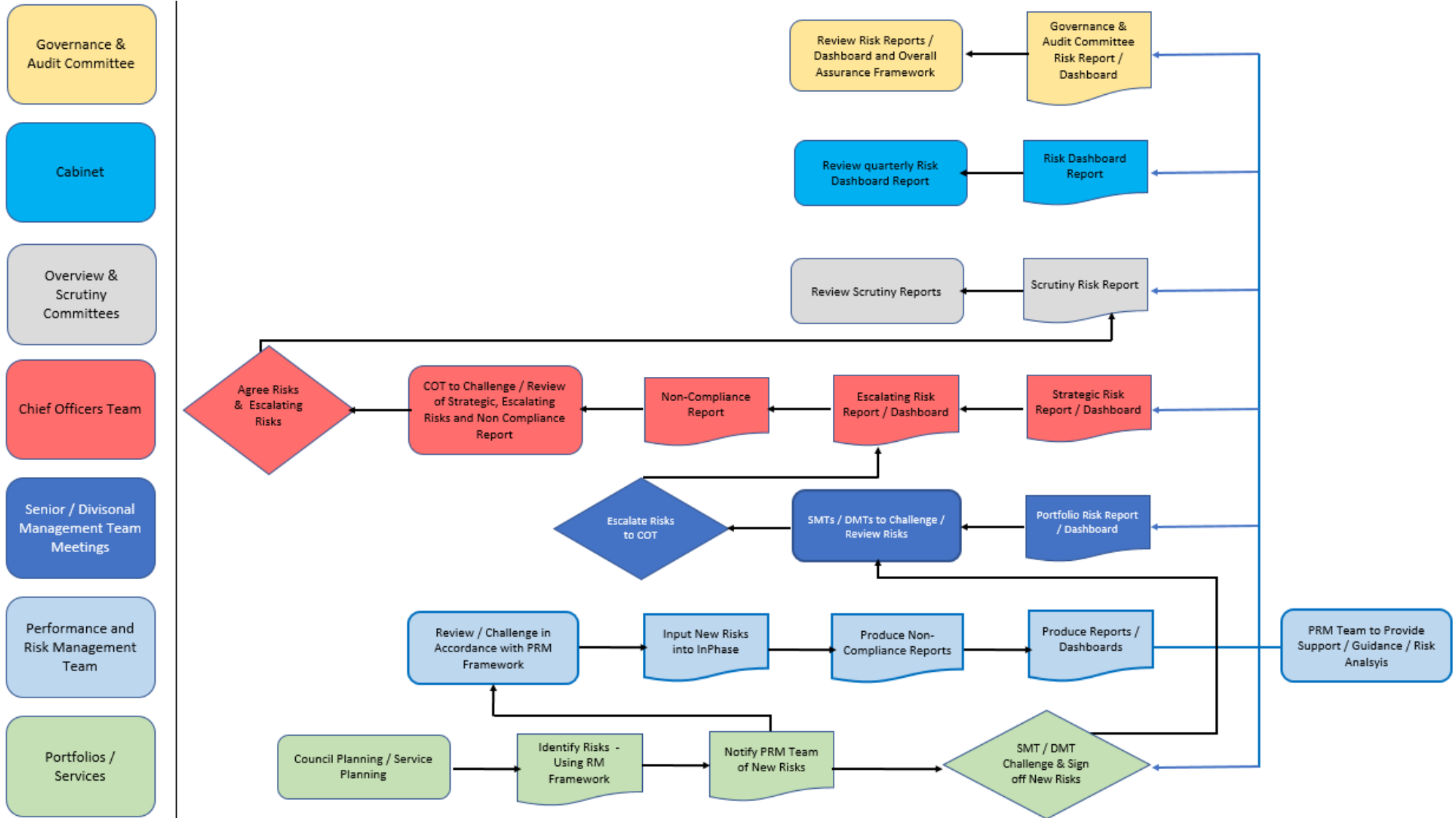
Contact Details:

PRM@flintshire.gov.uk

Risk Reporting Overview (Simplified)

APPENDIX B

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Risk Management Framework



September
2022

Document Control

Overview

| | |
|---------------------|---|
| Title | Risk Management Framework |
| Owner | Internal Audit, Performance and Risk Manager |
| Nominated Contact | Lisa Brownbill (lisa.brownbill@flintshire.gov.uk) |
| Reviewed By | Internal Audit, Performance and Risk Manager |
| Date of Last Review | September 2022 |
| Date of Next Review | September 2023 |
| Related Documents | Risk Management – InPhase User Guide |

Revision History

| Version | Issue Date | Author | Summary of Changes |
|---------|----------------|-------------------------------|------------------------------------|
| 1 | March 2020 | Strategic Performance Advisor | New guidance document |
| 2 | February 2021 | Strategic Performance Advisor | Inclusion of escalation procedure |
| 3 | September 2022 | Strategic Performance Advisor | Fit for purpose review and update. |

Consultation

| Version | Who | Date |
|---------|---------------------|-------------------|
| 1 | Performance Leads | 17 January 2020 |
| 1 | Chief Officers Team | 26 February 2020 |
| 2 | Chief Officers Team | 20 January 2021 |
| 3 | Chief Officers Team | 16 August 2022 |
| 3 | Performance Leads | 21 September 2022 |

Approval

| Version | Who / Where | Date |
|---------|---|------------------|
| 1 | Chief Officers Team | 26 February 2020 |
| 2 | Chief Officers Team | 20 January 2021 |
| 3 | Chief Officers Team | 16 August 2022 |
| 3 | Governance and Audit Committee | 14 November 2022 |
| 3.1 | Governance and Audit Committee – Additional information | 14 November 2022 |

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1. Introduction

What is Risk Management?

Risk management is the process of identifying risks, evaluating the potential impact and mitigating them. The aim is to minimise the severity of their impact and likelihood of occurring where possible. Risk Management should form part of your day-to-day management of your service.

2. Risk Definition

Risk is defined as the **possibility that an event will occur, which will impact on delivering our service and or your priorities.** A 'risk' is made up of an event, which if left unmanaged with no action will have an impact on the Council and our service delivery.

Types of Risk

There are three main risk types, they are:

- **Strategic** - are those risks that have implications to the operation of the organisation for example Health and Safety, Systematic IT Failure and GDPR. A strategic risk would require corporate ownership.
- **Operational** - are risks that affect the successful delivery of individual service objectives/delivery plans which are controlled by a single portfolio.
- **Project Risks** – risks that prevent the successful delivery of a project or programme on time and on budget and to achieve the desired outcomes e.g. a capital investment project for a new school.

Risk Appetite

Risk appetite is defined as the amount of risk an organisation is willing to accept or tolerate to achieve its intended objectives. In an organisation as large and diverse as Flintshire it is difficult to define a singular risk appetite. Appetite for risk will vary due to the objectives being undertaken in the organisation spanning a wide range of different service areas. The Chief Officers Team get the final collective decision if risk appetite has been reached or breached through their monthly monitoring reports. As an organisation we recognise that we must accept some risk to achieve our objectives. Our approach to

risk is to ensure a culture of being informed and risk aware. The organisation may accept major or catastrophic risks, which cannot be reduced or eliminated (we would tolerate), ensuring that the **risk management framework** and **user guide** is followed, and regular risk reviews are carried out.

3. Roles and Responsibilities

This section explains the key roles and responsibilities to ensure risk management is effective within the Council, which includes:

- The Chief Officer Team own and lead the risk management process. This was agreed at COT on 16th August 2022
- Risk management and ownership of risk is a key element of any management role within the Council.
- There is understanding of risk by every officer.
- There are defined allocation of responsibilities and strong reporting lines in relation to risk management.
- The risk identification, assessment, treatment and monitoring / reporting of risks.
- There is a mechanism in place for escalation/de-escalation and closure of risks.
- An active involvement by elected members.
- A robust monitoring role.

Role of Elected Members

- **Cabinet** is responsible for:
 - Ensuring that the Council's risks are managed effectively
 - Setting the appropriate level of risk for the Council
 - Recommending the Council Plan to Council, its priorities and objectives with risks identified
- **Overview and Scrutiny committees** are responsible for:
 - Challenging the detail of individual risks related to Council Plan priorities or service/functions
 - Reviewing all high-level risks (red and increasing) for assurance and monitoring and those escalated for review
 - Effective forward work planning for risk management

- **Governance and Audit Committee** is responsible for:
 - Reviewing the effectiveness of the Council's Risk Management processes and systems
 - Effective forward work planning for risk management and to receive a bi-annual risk profile report

Role of Officers

- **Chief Officer Team** is responsible for:
 - Implementation of the Risk Management process and related policies
 - Ensuring that risks are managed within their relevant statutory roles
 - Setting strategic risk management levels
 - Monitoring and reviewing risks within statutory roles
 - Setting strategic risk management initiatives/projects/action plans
 - Discussing the appropriate level of risk for the Council (risk tolerance)
 - Identification and assessment of risk levels
 - Challenging the outcomes of risk management
 - Monitoring and reviewing the Council Plan
 - Assurance of Business Continuity Planning
 - Receives reports to ensure continuous risk identification, assessment, monitoring and escalation takes place
 - Ensuring that all risks are updated in line with the Council's business planning and risk management arrangements
- **Service Managers/Officers** are responsible for:
 - The identification, assessment, treatment and monitoring / reporting of Council Plan, Business as Usual, Partnerships or emerging risks in accordance with the Risk Management Framework
 - Informing Chief Officers of new or escalating risks
 - Reviewing and managing the risks identified for which they are responsible for on a monthly basis unless determined otherwise.
 - Sharing relevant information with colleagues in other service areas
- **Performance Leads** are responsible for:

- Effective implementation of the Risk Management process and related policies within their portfolio
- Ensuring continuous risk identification, assessment, treatment, monitoring, reporting and escalation takes place within their portfolio
- Ensuring that all risks are updated in line with the Council's business planning and risk management arrangements.
- Ensuring InPhase is updated as and when risks change or emerge
- Contact details of your Performance Lead Officers can be found in Appendix A or on the Council's Infonet.

- **All employees** have a responsibility to:
 - Maintain an awareness of risk in their workplace
 - Comply with Council policies and procedures for risk management
 - Notify their line manager of identified risks and suggested actions
 - Report all incidents to their manager/supervisor of risk tolerance breach

- **Performance and Risk Management Team (PRM Team) & Head of Internal Audit, Performance and Risk** are responsible for:
 - Ensuring the Risk Management Framework is followed
 - Providing advice and support where appropriate
 - Quality controlling and challenge (if applicable) of any new risks identified and adding any new risks into InPhase
 - Providing a risk dashboard for each Portfolio showing their risk profile
 - Providing risk profile and trend analysis for Cabinet and Overview and Scrutiny as and when required
 - Providing non-compliance reports for Chief Officer Team (COT) as and when required
 - Providing a monthly risk profile exception report to Chief Officer Team (COT)
 - Contact details of the Performance and Risk Management team can be found in Appendix A

Risk Management Process



Council Planning / Service Planning

All Council Plan, business as usual and emerging risks are identified, assessed, treated and monitored using this Framework and the InPhase Business, Planning, Performance and Risk Management System.

Step 1: Identify

Risk identification is a continuous process which is embedded in Council Planning, Portfolio Business Planning, Project

Management, Partnerships and day to day business as usual. Risks can be identified through planning processes, emerging risks and when expected performance is not achieved. When identifying a risk, it should be very clear what the risk is to the Council, project(s), service delivery and priorities. You should understand what the risk is to the Council, for example reputational, financial, regulatory, service delivery, environmental, social impact etc.

The risk should be given a clear and concise risk title. Risk should be identified by using qualitative (milestones & actions) and quantitative (performance indicators, financial data). This is called Risk Evidence and will be used to calculate the risk scoring and be used to measure against risk tolerance.

When thinking about identifying a risk you could use the following statement: **As a result of (Cause), there is a risk of (Event) resulting in (Impact).**

For each risk there must be a risk owner.

Step 2: Assess

The severity of the risk needs to be assessed. e.g. what would the impact of the risk be without any internal controls / actions? The risk score is based on the determining the

severity of the impact of the risk occurring and the likelihood of this happening. **Refer to the Risk Matrix and Definitions, Section 5.** Definitions can be found for impact severity and likelihood on page.

To create a risk in our Performance and Risk Management System InPhase, refer to the Risk Management User Guide.

Step 3: Treat / Management Actions

What are you going to do about it? – identify if you need additional internal controls / actions and measures to reduce the risk or keep the risk from escalating further. You may not always be able to reduce the likelihood with internal controls, however we would always aim to reduce the impact.

Step 4: Monitor and Review

Risk monitoring is live and should be continuously monitored at the appropriate levels (Cabinet, COT, Senior Management Meetings, Team Meetings etc) Performance of the internal controls and measures should be monitored regular. **If a risk is deteriorating the escalation process should be followed, Section 6.**

As part of the regular review, you should identify any risks to close e.g. that have reached target and have been successfully mitigated, or the risk no longer exists.

COT are to receive monthly risk profile reports by exception which include all red risks and all deteriorating risks.

Refer to Section 6 for detailed approach to Monitoring and Reviewing of Risks

5. Risk Matrix

Scoring

Impact
How severe would the outcomes be if the risk occurred

→

| | | 1 Negligible | 2 Moderate | 3 Significant | 4 Major | 5 Catastrophic |
|------------|------------------|-----------------|---------------|------------------|------------|-------------------|
| Likelihood | 5 Almost Certain | Amber 5 | Amber 10 | Red 15 | Red 20 | Red 25 |
| | 4 Likely | Yellow 4 | Amber 8 | Red 12 | Red 16 | Red 20 |
| | 3 Possible | Yellow 3 | Amber 6 | Amber 9 | Red 12 | Red 15 |
| | 2 Unlikely | Green 2 | Yellow 4 | Amber 6 | Amber 8 | Amber 10 |
| | 1 Rare | Green 1 | Green 2 | Yellow 3 | Yellow 4 | Amber 5 |

| Impact Severity (Examples) | | | | | Likelihood | | |
|----------------------------|--|---|--|---|-----------------------------|----------------------|---|
| | Service Delivery | Financial | Reputation | Legal | Likelihood of Risk Occuring | | |
| 1 Negligible | No noticeable impact | Expenditure or loss of income up to £50k | Internal review | Legal action very unlikely and defensible | 1 Rare | Less than 5% chance | May only occur in exceptional circumstances |
| 2 Moderate | Some temporary disruption to a single service area/ delay in delivery of one of the Council's key strategic outcomes or priorities | Expenditure or loss of income greater than £50k but less than £500k | Internal scrutiny required to prevent escalation | Legal action possible but unlikely and defensible | 2 Unlikely | | Could occur but unlikely |
| 3 Significant | Disruption to one or more services / a number of key strategic outcomes or priorities would be delayed or not delivered | Expenditure or loss of income greater than £500k but less than ££2.5m | Local media interest. Scrutiny by external committee or body | Legal action expected | 3 Possible | 50% chance | A chance it might occur |
| 4 Major | Severe service disruption on a services level with many key strategic outcomes or priorities delayed or not delivered | Expenditure or loss of income greater than £2.5m but less than £6m | Intense public and media scrutiny | Legal action almost certain and difficult to defend | 4 Likely | | Will probably occur |
| 5 Catastrophic | Unable to deliver most key strategic outcomes or priorities / statutory duties not delivered | Expenditure or loss of income greater than £6m | Public Inquiry or adverse national media attention | Legal action almost certain, unable to defend | 5 Almost Certain | More than 95% chance | Very like to occur |

Approach to Management / Tolerance of Risk

| Score | Approach | Action |
|-------|--------------|---|
| 1-2 | Accept | No further action may be needed and maintaining control measure is encouraged |
| 3-4 | Adequate | May be considered for further analysis |
| 5-10 | Tolerable | Must be reviewed in a timely manner to carry out improvements |
| 12-25 | Unacceptable | Must implement immediate action or cease activities if possible |

6. Communication and Reporting

For Risk Management to be effective it needs to be integral to the day-to-day operation of the work the Council undertakes. This involves the monitoring, review, communicating and reporting on your risks. The frequent review of risks should cover the following:

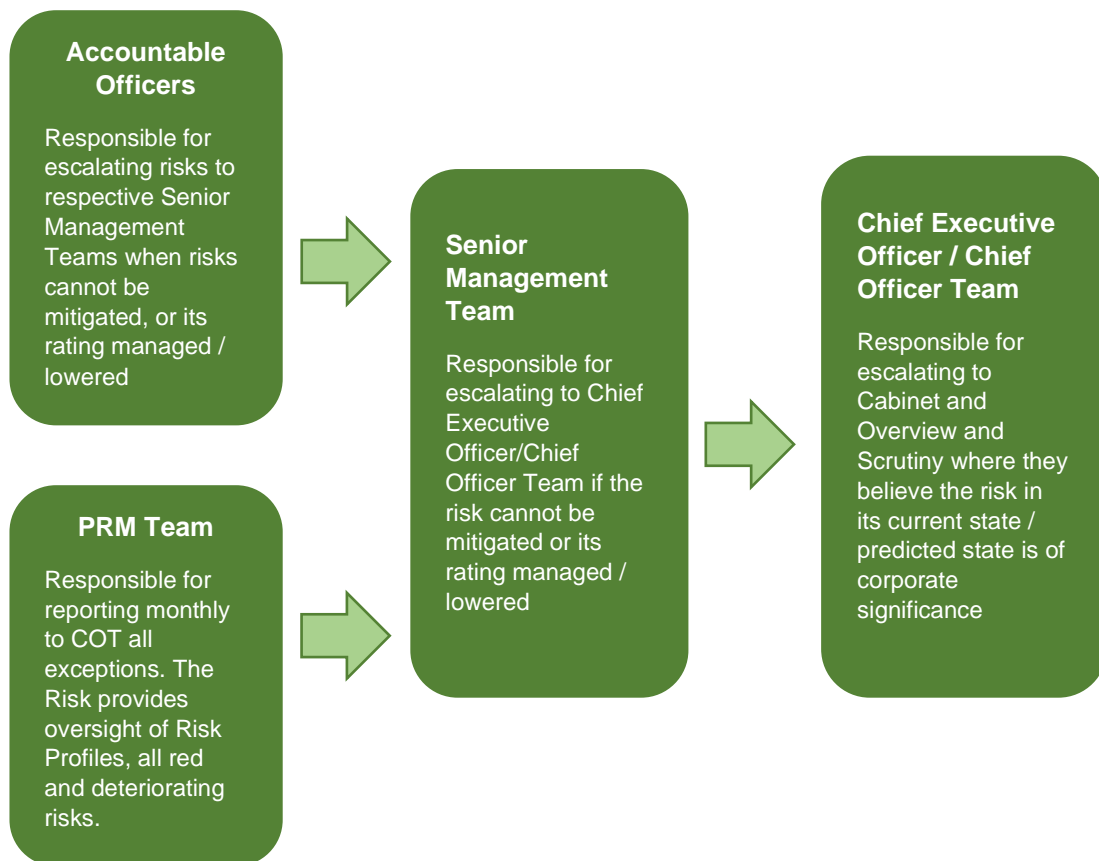
- Officers review the risk scores/ratings in 1:1s with Senior Managers/Chief Officers/ Chief Executive
- Chief Officers to determine if operational risks need to be escalated to Chief Officer Team (COT) and corporately owned as a strategic risk
- Risk Management is a standing item on all Senior Management Team Meetings (SMTs) agendas and outcomes noted
- Revised Risk Management Framework reported to Governance and Audit Committee – for annual review
- Mid-year and Annual review by Governance and Audit Committee
- Mid-year to ensure that the process is robust and effective in risk management
- To ensure that developments over time have been captured and included within this document for consistency of approach
- Dashboard of risk profile shared with Governance and Audit Committee half yearly
- Regular review of portfolio risks (operational and strategic)
- Closed, Red (operational / strategic) and deteriorating risks are to be reported monthly to COT
- Oversight by the Performance and Risk Management Team of compliance with the Risk Management Framework, escalating any concerns to the Chief Officers Team.
- Periodic reviews by internal audit
- The step-by-step guidance for monitoring has been included in the Risk Management User Guide.
- Monthly risk profile reports produced by PRM team and shared at Chief Officer Team (COT) meetings
- Red escalating risks to be reported to the relevant Overview and Scrutiny Committee promptly by the PRM Team.
- Cabinet to receive quarterly risk profile dashboards.

Non-Compliance Monitoring

It is essential that the risk management framework is followed by reviewing risks on a regular basis. Where this does not occur, this will be classed as non-compliance with the process.

- Performance and Risk Management Team to produce monthly non-compliance reports and share with Chief Officer Team (COT).
- This will identify areas which have not updated risks, measures or internal controls

Escalation of Risk



When does a risk need to be escalated?

- When the risk appetite/risk target level is breached – this will be informed by risk evidence¹
- When risk mitigation cannot be managed within the portfolio and;

¹ Risk evidence is used to assess and manage risk, this includes internal controls and measures

- a Council Plan/Strategy priority is compromised and/or
- service operations or performance will be seriously compromised and/or
- the financial, legal, or reputational position of the Council might be compromised and/or
- an emergency situation might develop

What is the process for dealing with escalation?

1. Risk owners escalate their risk to their respective Senior Management Team when the risk cannot be managed, or its rating managed/lowered. The escalation of risk should be raised at DMT/SMT meeting and captured within meeting notes. InPhase should be updated to reflect this. **Refer to the InPhase User Guide.**
2. Senior Management escalate to the Chief Executive Officer/Chief Officer Team if the risk cannot be mitigated, or its rating managed/lowered.
3. The Chief Officer Team escalate deteriorating risks to Cabinet and Overview and Scrutiny when the risk is/could be of corporate significance
4. Escalated risks are to be included on Forward Work Programme for Cabinet and the relevant Overview and Scrutiny Committee by PRM Team.

Refer to Appendix B for Reporting Overview Flow Chart

For specific guidance on how to use InPhase in order to identify / manage risk refer to the InPhase Risk Management User Guide.

APPENDIX A

Contact Details

Performance & Risk Management Team

| Officer | Position | Email Address | Extension Number |
|----------------|--|--|------------------|
| Lisa Brownbill | Internal Audit, Performance and Risk Manager | lisa.brownbill@flintshire.gov.uk | 2231 |
| | Strategic Performance Advisor | | 7244 |
| Sam Perry | Performance Support Officer | sam.perry@flintshire.gov.uk | 1476 |
| | Senior Performance and Business Data Officer | | 2227 |

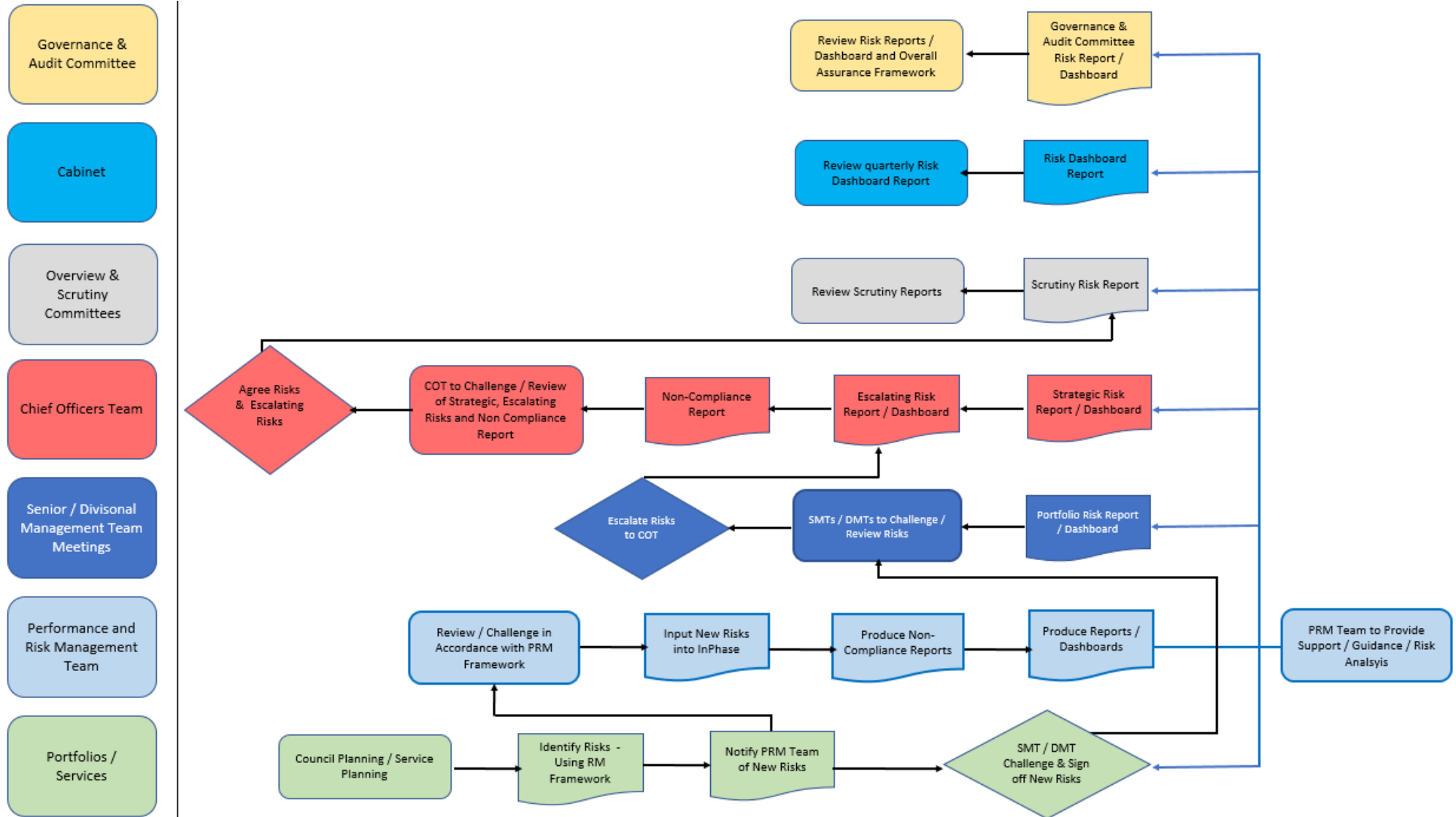
Performance Leads

| Portfolio / Service | Performance Lead | Email Address |
|---------------------------------|-----------------------------|--|
| Social Services | Jacque Slee / Claire Latham | jacque.slee@flintshire.gov.uk claire.latham@flintshire.gov.uk |
| Education and Youth | Kim Brookes | kim.brookes@flintshire.gov.uk |
| Planning, Environment & Economy | Lynne Fensome | lynne.fensome@flintshire.gov.uk |
| Streetscene & Transportation | Ruth Tulley | ruth.tulley@flintshire.gov.uk |
| Finance | Andrew Elford | andrew.elford@flintshire.gov.uk |
| HR & OD | Andy Adams | andrew.adams@flintshire.gov.uk |
| Governance | Margaret Parry-Jones | margaret.parry-jones@flintshire.gov.uk |
| Housing and Communities | Denise Price | denise.p.price@flintshire.gov.uk |
| Chief Executives | Fiona Mocko / Olivia Hughes | fiona.mocko@flintshire.gov.uk olivia.hughes@flintshire.gov.uk |
| Overview and Scrutiny | Ceri Shotton | ceri.shotton@flintshire.gov.uk |

Risk Reporting Overview (Simplified)

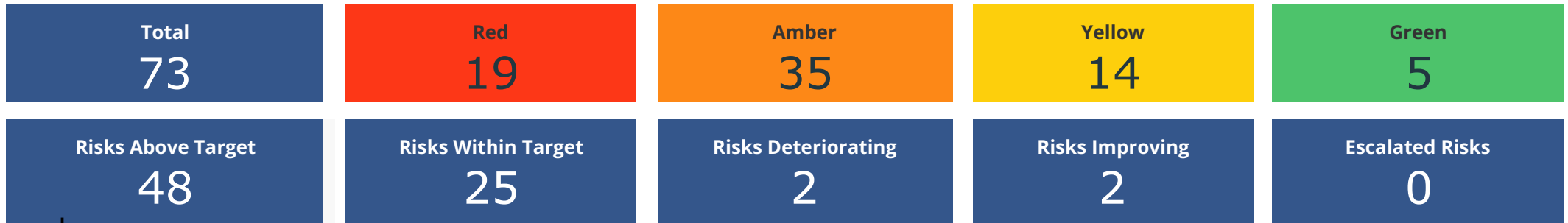
APPENDIX B

Tudalen 107



Mae'r dudalen hon yn wag yn bwrpasol

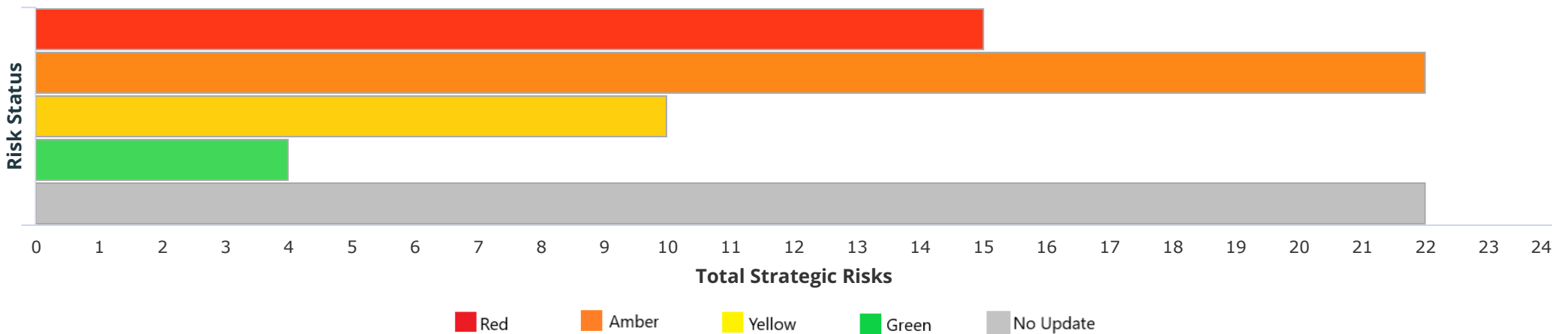
The dashboard below provides a high level risk profile of the strategic risks from the latest updates



Risk Update Status for the Month -

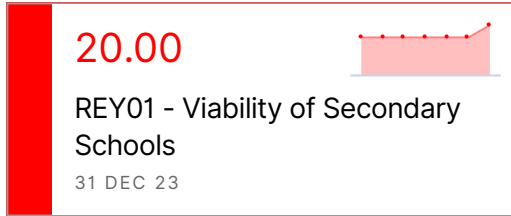
December 2023

Tudalen 109



A summary of the risks highlighted by exception is provided in the sections below

Deteriorating Risks



Latest Updates

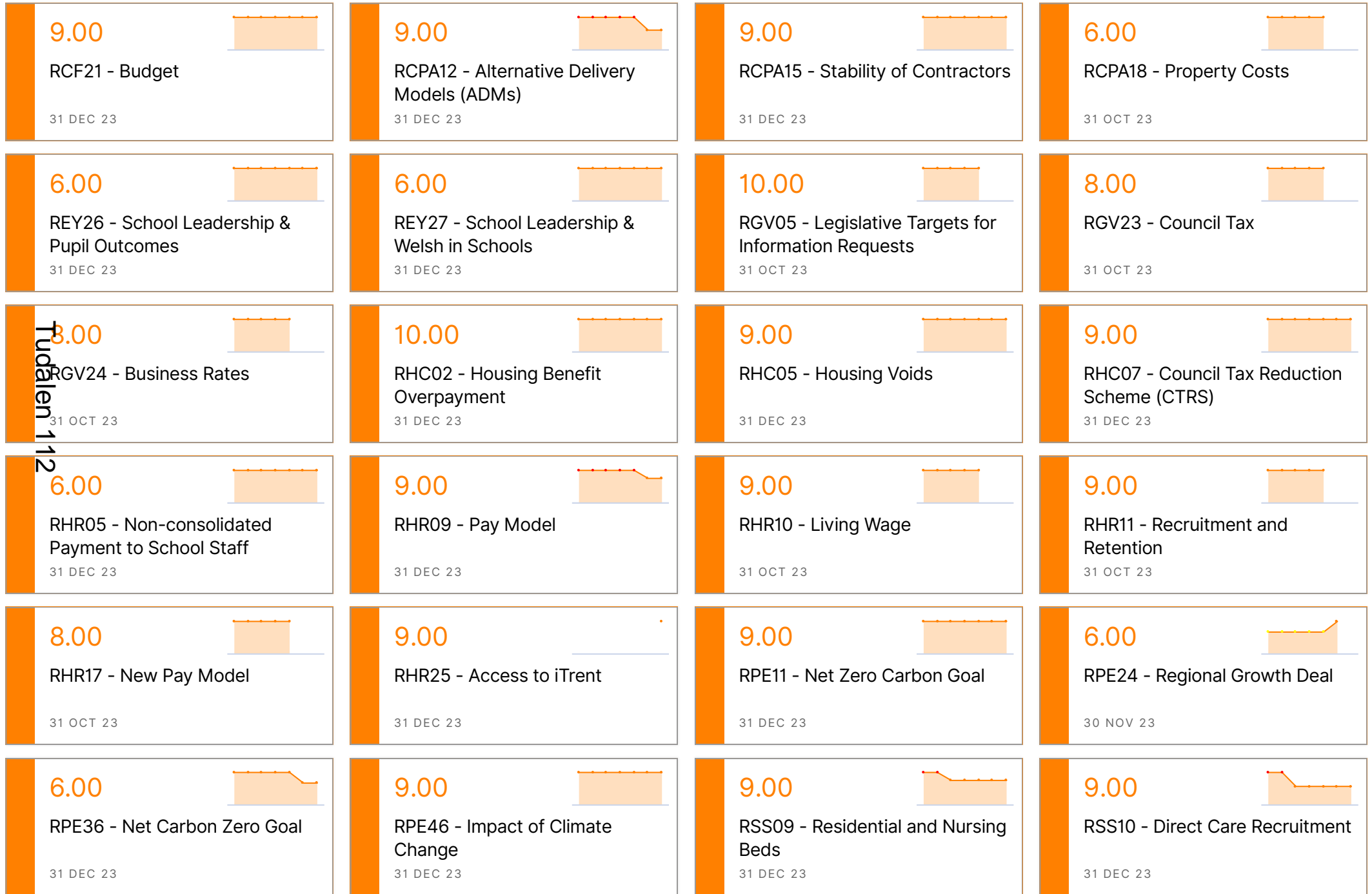
| Risk | Description | Inherent Risk Score | Current Risk Score | Target Risk Score | Direction of change | Update |
|---|---|---------------------|--------------------|-------------------|---------------------|---|
| REY01 - Viability of Secondary Schools | Secondary schools are not financially viable due to insufficient base funding | 15 | 20.00 | 15.00 | ↓ | Dec 2023 Risk increases as at November 2023 due to Council's financial position |
| REY37 - Demand for Specialist Provision | Lack of resources/capacity to meet increasing demand for specialist provision, means children and young people with complex educational needs are not accessing appropriate education provision | 8 | 12.00 | 8.00 | ↓ | Dec 2023 There remains an increasing lack of specialist provision for children with additional learning needs. Placements in mainstream schools are being allocated additional resourcing where possible to maintain children in education. The lack of provision is resulting in an increased level of complaint. |

Tudalen 110

Risks Above Target

Red





Judalen 112

6.00

RSS30 - Agency Costs

31 DEC 23

9.00

RST01 - Market, Industry, Political & Economic Changes

31 OCT 23

9.00

RST05 - Revenue Support Grants

31 OCT 23

6.00

RST06 - Technological Faults

31 OCT 23

6.00

RST08 - Materials Recovery Facility

31 DEC 23

Yellow

3.00

RHR15 - Pay Model Impact on Job Evaluation

31 OCT 23

4.00

RST03 - Data & GDPR

31 OCT 23

Latest Updates

| Risk | Description | Inherent Risk Score | Current Risk Score | Target Risk Score | Direction of Change | Update |
|---|--|---------------------|--------------------|-------------------|---------------------|---|
| RCF18 - Medium-Term Financial Plan | 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 | 20 | 20.00 | 9.00 | ↔ | Dec 2023 04/12/23 - Report to Cabinet and CROSC in September to update on the latest additional budget requirement as well as the progress to date on potential solutions. Individual Scrutiny meetings held throughout the Autumn. Work is ongoing. |
| RCF21 - Budget | Budgets insufficient or budgets become insufficient due to reduction in RSG grant or in year requirement for savings | 9 | 9.00 | 4.00 | ↔ | Dec 2023 04/01/24 - Report to Cabinet in December on the latest additional budget requirement and progress on solutions to date. The Local Government Provisional Settlement was received on 20/12/23 and a further report on the impact of this will be at Cabinet and CROSC in January 24. |
| RCPA01 - Recruitment, Retention and Succession Planning | Difficulties in fulfilling workload, recruiting and retaining the right/qualified staff and the impact on the existing workforce. This is a result of multiple factors such as: reduced human resource as a result of historic restructuring and efficiencies; workforce demographics; loss of professional qualified employees. | 15 | 15.00 | 12.00 | ? | Oct 2023 Score update by PRM up until October |

| Risk | Description | Inherent Risk Score | Current Risk Score | Target Risk Score | Direction of Change | Update |
|---|--|---------------------|--------------------|-------------------|---------------------|---|
| RCPA09 - Carbon Targets for Corporate Assets/Property | Compliance with carbon targets for corporate assets/property | 20 | 20.00 | 4.00 | ? | Oct 2023 Score update by PRM up until October |
| RCPA12 - Alternative Delivery Models (ADM's) | Contractual arrangements requiring review and agreement | 15 | 9.00 | 6.00 | ↔ | Dec 2023 Work progressing. Additional support obtained to help inform and progress. |
| RCPA13 - Grant Funding of Capital Projects | Lack of resource to respond swiftly to increasing demand of capital projects with grant funding requiring swift/in-year spends. May result in loss of grant funding and/or high profile project failure. | 15 | 15.00 | 12.00 | ↔ | Dec 2023 No change this period |
| RCPA15 - Stability of Contractors | Contractors going into administration due to economic climate | 9 | 9.00 | 6.00 | ↔ | Dec 2023 No change this period |
| RCPA18 - Property Costs | Potential of increasing costs/financial pressures, that could affect the Council | 6 | 6.00 | 4.00 | ? | Oct 2023 Score update by PRM up until October |
| REY01 - Viability of Secondary Schools | Secondary schools are not financially viable due to insufficient base funding | 15 | 20.00 | 15.00 | ↓ | Dec 2023 Risk increases as at November 2023 due to Council's financial position |
| REY26 - School Leadership & Pupil Outcomes | Ineffective school leadership results in poor pupil outcomes which increases risk of schools being placed in statutory Estyn categories | 6 | 6.00 | 4.00 | ↔ | Dec 2023 Risk Stable. No schools have been placed in an Estyn follow up or statutory category since January 2023. Currently, one primary school and one secondary school are in category of significant improvement and the Portfolio Pupil Referral Unit is in Estyn monitoring. |
| REY27 - School Leadership & Welsh in Schools | Ineffective school leadership results in standards of Welsh in schools falling below the national average | 6 | 6.00 | 4.00 | ↔ | Dec 2023 Risk Stable. No schools have been placed in Estyn follow up or statutory category during this academic year to date. National data on performance in Welsh is not collected or published. Schools are supported to identify appropriate school improvement priorities for developing Welsh language skills. |
| REYS7 - Demand for Specialist Provision | Lack of resources/capacity to meet increasing demand for specialist provision, means children and young people with complex educational needs are not accessing appropriate education provision | 8 | 12.00 | 8.00 | ↓ | Dec 2023 There remains an increasing lack of specialist provision for children with additional learning needs. Placements in mainstream schools are being allocated additional resourcing where possible to maintain children in education. The lack of provision is resulting in an increased level of complaint. |
| RGV01 - Loss of IT/Cyber Security | Significant Loss of Corporate data and systems due to security / environmental / Technical incident | 20 | 20.00 | 12.00 | ↔ | Dec 2023 Risk remains unchanged, work on mitigating actions continues. The risk of cyber attack remains high. |
| RGV03 - Digital Strategy | Failure to meet agreed deadlines within the Digital Strategy | 15 | 12.00 | 6.00 | ↔ | Dec 2023 The ability to achieve deadlines within the Digital Strategy is dependent on capacity within the Portfolio leading the project as well as both IT services. It is also impacted by the actions of external suppliers, regional partners and other stakeholders, as well as the Authority's ability to invest financially. Opportunities to release capacity in some areas of IT through automation are being explored but have been delayed due to resource constraints. A funding bid has been put forward to support this. Work to prioritise new projects proposed via the Digital Strategy Board continues but implementation timescales are often protracted as no additional resource accompanies these pieces of work. A piece of work to reassesses the priorities applied to project already on the plan is to be undertaken during January 2024 which will incorporate a new assessment criteria around savings that would be delivered. New resource management approaches and software tools are being researched within IT services to help with planning, streamlining and customer expectations. |
| RGV05 - Legislative Targets for Information Requests | Failure to meet legislative targets relating to information requests | 10 | 10.00 | 3.00 | ? | Oct 2023 Risk score updated by PRM up to October |

| Risk | Description | Inherent Risk Score | Current Risk Score | Target Risk Score | Direction of Change | Update |
|---|---|---------------------|--------------------|-------------------|---------------------|---|
| RGV23 - Council Tax | A reduction in Council Tax collection impacts on (1) cash-flow and (2) the annual budget | 8 | 8.00 | 4.00 | ? | Sep 2023 Some minor variances with lower in-year collections compared to previous year. Recovery is ongoing to mitigate the impacts where possible, including piloting bankruptcy action in appropriate cases of serious arrears and non-engagement |
| RGV24 - Business Rates | A reduction in Business Rates collection impacts on (1) cash-flow and (2) the stability of the National Collection Pool | 8 | 8.00 | 4.00 | ? | Sep 2023 Some minor variances with lower in-year collections compared to previous year. Recovery is ongoing to mitigate the impacts where possible |
| RHC02 - Housing Benefit Overpayment | Loss of income based on delayed/non recovery of housing benefit overpayment | 6 | 10.00 | 6.00 | ↔ | Dec 2023 As at 01/01/24 the total value of Housing Benefit Overpayment Recovery via Sundry Debts is £249,858, providing a projected value of £324,816. This is £125,184 below target. The risk level remains the same. |
| RHC05 - Housing Voids | Increased housing void backlog requiring proactive management to ensure properties let quickly and safely and prevent loss of revenue. The Council only has access to limited resources (contractors) which is impacting on the loss of rent revenue the Council should be receiving. | 9 | 9.00 | 4.00 | ↔ | Dec 2023 The Voids contractor Framework is in the process of being robustly managed with contractors being monitored and monthly meetings now scheduled. The framework has been designed to provide an increased resilience in terms of contractor resource for now and in the future. The contractors have now had their allocation of work increased and we are working towards reducing the backlog of voids to an acceptable level. |
| RHC07 - Council Tax Reduction Scheme (CTRS) | Increased financial risk due to business failures and ability to anticipate Council Tax Reduction Scheme (CTRS) | 9 | 9.00 | 4.00 | ↔ | Dec 2023 The normal trend for CTRS Caseload is to decrease as the year progresses. By the mid-year mid there has normally been a decrease of approx. 150 cases, however this year that is not the case and there has been an increase. . The caseload in April 2023 was 10,166 and as at 01/01/24 the caseload was 10,235. At the same point last year it was 10,172 (down from 10,426 in April 22). This increase will result in higher CTRS expenditure, therefore putting a pressure on the CTRS budget. Current expenditure is £12,303,975. |
| RHC08 - Resource to meet Homeless Obligations | The council is unable to meet it's homelessness statutory obligations due to shortages in staff, budgetary pressures and lack of available accommodation | 15 | 15.00 | 4.00 | ↔ | Dec 2023 Pressures on homeless accommodation continue and in year overspend projected to be £2.7 million. A homeless pressures options paper identifying a number of alternative actions to ease the over reliance on costly hotel accommodation was presented to Scrutiny Committee and Cabinet in November 23 supported. Whilst this will not offer immediate benefits as some actions will require time to deliver, this is a key mitigation to the ongoing and longer term financial and operational pressures. A working group has been established to progress the options endorsed by cabinet and in addition, we are working with other accommodation providers to explore opportunities to increase access to housing for use as temporary accommodation. |
| RHC10 - Housing Supply | 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. | 15 | 15.00 | 4.00 | ↔ | Dec 2023 A paper was supported by Scrutiny Committee and Cabinet in November 23 around budget pressures associated with homelessness. Within the paper several options were outlined with regard to using social housing differently. Expediting the Sheltered Housing Review is one of the options. Whilst this may not offer immediate benefits as some actions will take time. A working group has been established to progress the options endorsed by Scrutiny and Cabinet, |

| Risk | Description | Inherent Risk Score | Current Risk Score | Target Risk Score | Direction of Change | Update |
|--|---|---------------------|--------------------|-------------------|---------------------|---|
| RHC11 - SABS | Delays in pre-construction process due to planning and sustainable drainage approval body (SABS) applications may lead to late delivery of schemes, and loss of Social Housing Grant (SHG) within the annual PDP allocation | 20 | 16.00 | 4.00 | ↔ | Dec 2023 The Planning Strategy Team have already developed a Phosphate Mitigation Strategy in collaboration with Wrexham County Borough Council. Work by Welsh Water and Natural Resources Wales also continues in relation to a review of Waste Water Treatment Works and whether they have permits to treat phosphorous and are operating within those permits. NRW have recently confirmed permits for Mold and Buckley treatment works and will release their review for Hope works shortly, where the outcome has confirmed that headroom capacity exists at each works to treat further phosphorous from new development, thereby removing the need to mitigate for any phosphate impact. There have been no significant changes up to 31.12.23 |
| RHR05 - Non-consolidated Payment to School Staff | Administration of the Welsh Government decision to make a none-consolidated payment to schools staff causes a local administrative burden and has unfunded residual costs for the Council as an employer e.g. superannuation | 6 | 6.00 | 4.00 | ↔ | Dec 2023 Payments made to all eligible employees by the required date. |
| RHR09 - Pay Model | 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. | 12 | 9.00 | 4.00 | ↔ | Dec 2023 A number of pay models have been developed and costed (excluding vacancies). Work is underway to validate genuine vacancies (with budget) between HR and Finance. Cabinet/Council advised that no budget has been identified for this workstream. |
| RHR10 - Living Wage | The impact of becoming a living wage employer, which is an aspiration of Welsh Government and the Councils Cabinet; is a risk in terms of cost (if not nationally funded) and further compression of grades which if left unaddressed will have a negative impact on recruitment/retention. | 9 | 9.00 | 2.00 | ? | Oct 2023 Risk score updated by PRM up to October |
| RHR11 - Recruitment and Retention | Impact on recruitment/retention (inability to attract/retain key staff) if new pay model unaffordable or implementation delayed. | 9 | 9.00 | 2.00 | ? | Oct 2023 Risk score updated by PRM up to October |
| RHR15 - Pay Model Impact on Job Evaluation | Changes to local conventions have an adverse impact on the JE outcomes for a number of posts and/or on the rank order. | 3 | 3.00 | 2.00 | ? | Oct 2023 Risk score updated by PRM up to October |
| RHR17 - New Pay Model | Council does not approve the preferred pay model and alternative options have to be considered/costed. | 8 | 8.00 | 2.00 | ? | Oct 2023 Risk score updated by PRM up to October |
| RHR24 - Approach to Holiday Pay | Changes to holiday pay calculations and practices in light of the Supreme Court Judgement in Harper Trust and Brazel | 12 | 12.00 | 4.00 | ↔ | Dec 2023 The 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. |
| RHR25 - Access to iTrent | Multi Factor Authentication enabling all employees and managers (Including Aura & Newydd) is required to realise efficiencies & savings, provide self-service access to iTrent and make better use/develop iTrent's functionality. | 9 | 9.00 | 4.00 | ? | Dec 2023 This has not progressed, focus is on RHR18 |
| RPE03 - Town Centre Regeneration Strategy | Unable to regenerate Town Centres through implementation of the Town Centre Strategy due to insufficient resources and wider economic trends | 9 | 12.00 | 4.00 | ? | Nov 2023 The Council has been very successful in securing all available external funding to provide temporary officer resource to deliver the town regeneration process and to provide resources for town centre projects. However, the scale of resource secured is not sufficient to meet the needs of the towns and the future pipeline of funding is limited. |

Tudalen 16

| Risk | Description | Inherent Risk Score | Current Risk Score | Target Risk Score | Direction of Change | Update |
|--|---|---------------------|--------------------|-------------------|---------------------|--|
| RPE11 - Net Zero Carbon Goal | Affordability of the Council being able to achieve its net zero carbon goal. Inability to commit or attract sufficient resource to coordinate the programme and deliver on projects, leading to opportunities not being maximised, actions not delivered and benefits not realised. | 9 | 9.00 | 4.00 | ↔ | Dec 2023 This risk continues to be fairly high profile due to the current economical climate and reduced access to external funding. The team continues to work closely with neighbouring authorities and networks to identify early opportunities for accessing resources and capitalising on invest to save opportunities. |
| RPE12 - Ash Dieback | The implications of Ash Die back 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 | 12 | 12.00 | 4.00 | ↔ | Dec 2023 Winter work to make safe class 4 FCC highways trees have been procured and is underway. Behind schedule with private trees adjacent to the highway due to loss of admin and lead ADB officer. A new Technical support officer is now in post and can start addressing the backlog to landsearch and communication with landowners |
| RPE24 - Regional Growth Deal | Failure to deliver the Flintshire element of Regional Growth Deal projects due to insufficient resources locally | 4 | 6.00 | 4.00 | ? | Nov 2023 Several of the Growth Deal projects are approaching delivery phase so the pressure on Council staff will start to have an impact. As issues arise they will be escalated to Chief Officer Team for review. |
| RPE36 - Net Carbon Zero Goal | Inability to achieve the Council's goal of net zero carbon and non conformance with Welsh government requirements, due to advances in carbon calculation methodologies and pace of technological improvements required by 2030. | 9 | 6.00 | 4.00 | ↔ | Dec 2023 The team ensures it is well appraised of developments both within guidance and target requirements from Welsh Government, as well as best practice options available across the sector. |
| RPE46 - Impact of Climate Change | Inability of the Council to identify the risks associated with the impacts of climate change, causing risk to the resilience of Council services and its communities and the ability to adapt to a changing climate. | 9 | 9.00 | 4.00 | ↔ | Dec 2023 The county is regularly seeing the impacts of a changing climate with effects across all sectors. Development of a climate risk and adaptation plan is underway with engagement from internal and external stakeholders. |
| RSS01 - Cost of Out of County Placements | Expenditure on out of county placements increases as placement costs increase in a demand led market. | 16 | 16.00 | 9.00 | ↔ | Dec 2023 No change. Risk remains Red due to WG plans to see all residential provision "operating without profit" by April 2027, and subsequent risk of providers exiting the market in Wales. This risk is managed jointly by Social Services, Education and Youth Services. |
| RSS09 - Residential and Nursing Beds | 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 | 16 | 9.00 | 4.00 | ↔ | Dec 2023 We are still finding it difficult to source enough capacity externally to be able to meet the residential need. However, we have stabilised the market with only one home currently in Escalating Concerns. The Croes Atti 2 development will increase our internal capacity, and an independent sector home that was previously closed will be reopening in January, providing capacity for EMI nursing and possibly some residential care. |
| RSS10 - Direct Care Recruitment | 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 | 16 | 9.00 | 4.00 | ↔ | Dec 2023 The domiciliary inbox remains high with individuals having to wait for care in some cases. We have been successful in purchasing a block hours contract in Holywell, and are looking at other areas where care is difficult to source; expressions of interest for block hours contracts are going out to the Framework. The ongoing development of Microcare is helping to alleviate the situation; there have been an additional 7 Micro-Carers setup during this financial year, increasing the number of active Micro-Carers to 38. We have directly commissioned with 3 Micro-Care providers this year for personal care services, and 4 for well-being services, and we are actively seeking to develop more direct commissioning. |

Totalen 117

| Risk | Description | Inherent Risk Score | Current Risk Score | Target Risk Score | Direction of Change | Update |
|--|--|---------------------|--------------------|-------------------|---------------------|---|
| RSS22 - Unregistered Placements | An insufficient supply of placements leads to young people being placed in unregistered settings. Note: These arrangements are an offence under section 5 of RISCA and could lead to criminal enforcement powers and prosecution of the local authority. | 16 | 16.00 | 9.00 | ↔ | Dec 2023 No change - longer term risk remains red due to WG plans to see all residential provision "operating without profit" by April 2027, and subsequent risk of providers exiting the market in Wales. We have 3 of the 5 new homes successfully registered with Care Inspectorate Wales (CIW). We continue to work with CIW around the registration process for one of the homes and we are working on the documentation in readiness for applying for registration for other home. Within the service we are continuing to recruit to the roles and this is something that is a challenge in the current climate. We are working with We Care Wales and local providers such as Job Centre Plus as well as in house teams and departments such as our HR partners. The work force continue to develop their skills and attend all learning and development opportunities available to them where possible. |
| RSS30 - Agency Costs | The pressure created by the escalating cost of agency workers and our inability to retain staff is not part of the identified pressures and will be additional to any current or future budget plans | 9 | 6.00 | 1.00 | ↔ | Dec 2023 No change |
| RST01 - Market, Industry, Political & Economic Changes | Inability to achieve portfolio objectives and strategic goals due to market or industry changes or wider political, economic landscape | 9 | 9.00 | 4.00 | ? | Oct 2023 Risk score updated by PRM up to October |
| RST03 - Data & GDPR | Loss of data/information/knowledge (manual or electronic records) and GDPR breach | 4 | 4.00 | 2.00 | ? | Oct 2023 Risk score updated by PRM up to October |
| RST05 - Revenue Support Grants | Risk of withdrawal of revenue support grants and consequential impact on revenue budgets/service delivery e.g. SWMG | 9 | 9.00 | 6.00 | ? | Oct 2023 Risk score updated by PRM up to October |
| RST07 - Technological Faults | Internal technological failures on the portfolio's ability to deliver its objectives and deliver services effectively e.g. telecommunications, IT, mobile, back office systems | 6 | 6.00 | 3.00 | ? | Oct 2023 Risk score updated by PRM up to October |
| RST09 - Increase in Residual Waste | Inability to achieve national recycling targets due to increased residual waste tonnages collected | 12 | 12.00 | 2.00 | ? | Oct 2023 Risk score updated by PRM up to October |
| RST08 - Materials Recovery Facility | Inability to deliver Materials Recovery Facility | 6 | 6.00 | 4.00 | ↔ | Dec 2023 WRAP Cymru and Local Partnerships are supporting FCC to deliver the Resource and Waste Strategy, which will include a review of the Council's infrastructure for waste management to ensure that the Council has the capability of accommodating increases in future growth and ensure that full control of the materials is maintained, as well as ensuring the operational efficiencies of services. The review will review the business case for establishing recycling waste transfer station(s) for the deposit and processing of recyclable materials and also consider how the Council will decarbonise and meet the net zero targets. |

Tudalen 118

Risks Within Target

Red

15.00

REY13 - WG Sustainable
Communities for Learning

31 DEC 23



15.00

REY36 - External Grants for
Revenue Expenditure

31 DEC 23



Amber

9.00

REY06 - Funding for Archives
Project

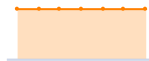
31 DEC 23



6.00

REY15 - ALNET Act 2018

31 DEC 23



6.00

REY17 - Welsh in Education

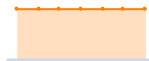
31 DEC 23



6.00

REY38 - Exclusions & Attendance

31 DEC 23



9.00

RGV21 - Non Compliance of WLS

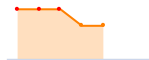
31 OCT 23



8.00

RGV25 - Loss of Rent and Impact
on HRA

31 OCT 23



Yellow

Tudalen 119

3.00

RCPA20 - Compliance with equality and Welsh language

31 DEC 23



4.00

REY05 - Children & Young People's Emotional Health

31 DEC 23



4.00

RPE26 - Contract Management

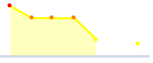
31 DEC 23



3.00

RPE34 - Flood Risk

31 DEC 23



4.00

RPE37 - Climate Change Initiatives

31 DEC 23



4.00

RPE38 - LDP Annual Monitoring Report

31 DEC 23



4.00

RPE39 - Housing Trajectory

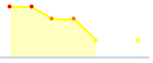
31 DEC 23



4.00

RPE42 - Transition to LDP Part 2

31 DEC 23



4.00

RSS06 - Unlawful Detainment

31 DEC 23



3.00

RSS31 - Care Market Stability

31 DEC 23



3.00

RST02 - Governance Within Portfolio

31 OCT 23



4.00

RST04 - Business Continuity Plans

31 OCT 23

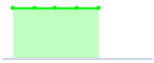


Green

2.00

RHR14 - Trade Unions Reject Pay Model

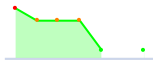
31 OCT 23



2.00

RPE33 - Phosphates

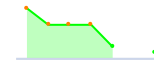
31 DEC 23



1.00

RPE35 - Strategic Flood Risk Assessment

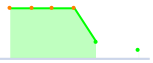
31 DEC 23



1.00

RPE40 - Local Development Plan

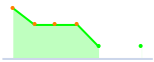
31 DEC 23



2.00

RPE41 - Planning Application Decisions

31 DEC 23



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Latest Updates of Red Risks Within Target

| Risk | Description | Inherent Risk Score | Current Risk Score | Target Risk Score | Direction of Change | Comments |
|---|--|---------------------|--------------------|-------------------|---------------------|---|
| RCPA01 - Recruitment, Retention and Succession Planning | Difficulties in fulfilling workload, recruiting and retaining the right/qualified staff and the impact on the existing workforce. This is a result of multiple factors such as: reduced human resource as a result of historic restructuring and efficiencies; workforce demographics; loss of professional qualified employees. | 15 | 15.00 | 12.00 | ? | Oct 2023 Score update by PRM up until October |
| RCPA13 - Grant Funding of Capital Projects | Lack of resource to respond swiftly to increasing demand of capital projects with grant funding requiring swift/in-year spends. May result in loss of grant funding and/or high profile project failure. | 15 | 15.00 | 12.00 | ↔ | Dec 2023 No change this period |
| REY01 - Viability of Secondary Schools | Secondary schools are not financially viable due to insufficient base funding | 15 | 20.00 | 15.00 | ↓ | Dec 2023 Risk increases as at November 2023 due to Council's financial position |
| REY13 - WG Sustainable Communities for Learning Programme | Inability to fully deliver on Welsh Government's Sustainable Communities for Learning Programme due to financial, workforce and contractor implications | 15 | 15.00 | 15.00 | ↔ | Dec 2023 projects within the programme remain within target. |
| REY36 - External Grants for Revenue Expenditure | Use of external grant funding streams to offset core portfolio revenue expenditure | 15 | 15.00 | 15.00 | ↔ | Dec 2023 remains a risk |
| RHC09 - Resource to meet Homeless Obligations | The council is unable to meet its homelessness statutory obligations due to shortages in staff, budgetary pressures and lack of available accommodation | 15 | 15.00 | 4.00 | ↔ | Dec 2023 Pressures on homeless accommodation continue and in year overspend projected to be £2.7 million. A homeless pressures options paper identifying a number of alternative actions to ease the over reliance on costly hotel accommodation was presented to Scrutiny Committee and Cabinet in November 23 supported. Whilst this will not offer immediate benefits as some actions will require time to deliver, this is a key mitigation to the ongoing and longer term financial and operational pressures. A working group has been established to progress the options endorsed by cabinet and in addition, we are working with other accommodation providers to explore opportunities to increase access to housing for use as temporary accommodation. |
| RHC10 - Housing Supply | 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. | 15 | 15.00 | 4.00 | ↔ | Dec 2023 A paper was supported by Scrutiny Committee and Cabinet in November 23 around budget pressures associated with homelessness. Within the paper several options were outlined with regard to using social housing differently. Expediting the Sheltered Housing Review is one of the options. Whilst this may not offer immediate benefits as some actions will take time. A working group has been established to progress the options endorsed by Scrutiny and Cabinet, |
| RSS01 - Cost of Out of County Placements | Expenditure on out of county placements increases as placement costs increase in a demand led market. | 16 | 16.00 | 9.00 | ↔ | Dec 2023 No change. Risk remains Red due to WG plans to see all residential provision "operating without profit" by April 2027, and subsequent risk of providers exiting the market in Wales. This risk is managed jointly by Social Services, Education and Youth Services. |
| RSS22 - Unregistered Placements | An insufficient supply of placements leads to young people being placed in unregistered settings. Note: These arrangements are an offence under section 5 of RISCA and could lead to criminal enforcement powers and prosecution of the local authority. | 16 | 16.00 | 9.00 | ↔ | Dec 2023 No change - longer term risk remains red due to WG plans to see all residential provision "operating without profit" by April 2027, and subsequent risk of providers exiting the market in Wales. We have 3 of the 5 new homes successfully registered with Care Inspectorate Wales (CIW). We continue to work with CIW around the registration process for one of the homes and we are working on the documentation in readiness for applying for registration for other home. Within the service we are continuing to recruit to the roles and this is something that is a challenge in the current climate. We are working with We Care Wales and local providers such as Job Centre Plus as well as in house teams and departments such as our HR partners. The work force continue to develop their skills and attend all learning and development opportunities available to them where possible. |

Risks Improving

9



REY06 - Funding for Archives
Project

31 DEC 23

4



REY05 - Children & Young
People's Emotional Health

31 DEC 23

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Eitem ar gyfer y Rhaglen 7



GOVERNANCE AND AUDIT COMMITTEE

| | |
|------------------------|--|
| Date of Meeting | Wednesday, 24 th January 2024 |
| Report Subject | Code of Corporate Governance |
| Report Author | Chief Executive |
| Category | Advisory |

EXECUTIVE SUMMARY

The Code of Corporate Governance forms part of the Constitution. It is reviewed and updated annually to ensure it is up to date and complies with all relevant legislation and other requirements.

As the Code of Corporate Governance forms part of the Council's Constitution it will be presented for endorsement at the next Constitution and Democratic Services Committee.

RECOMMENDATIONS

| | |
|---|---|
| 1 | The Committee endorses the updated Code of Corporate Governance for adoption as part of the Council's Constitution. |
|---|---|

REPORT DETAILS

| | |
|-------------|--|
| 1.00 | EXPLAINING THE CODE OF CORPORATE GOVERNANCE |
| 1.01 | <p>The Corporate Governance Working Group (CGWG) has two main roles: To annually review the Code of Corporate Governance and the preparation of the Annual Governance Statement (AGS).</p> <p>Under both roles the Group prepares draft documentation for consideration by the Chief Executive, Monitoring Officer and Section 151 Officer prior to consideration by the Governance and Audit Committee. The membership of this officer working group is detailed within Appendix A, Section 4 attached.</p> |

| | |
|------|---|
| 1.02 | <p>The Council's Code of Corporate Governance forms part of the Constitution and applies to all parts of the Council's business. Members and employees of the Council, in carrying out its business, must conduct themselves in accordance with the high standards expected.</p> <p>The Code draws from work and guidance by the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) and their joint document entitled '<i>Delivering Good Governance in Local Government: Guidance Notes for Welsh Authorities 2016</i>'.</p> |
| 1.03 | <p>The relationship between the CIPFA /SOLACE guidance, the Code of Corporate Governance, the Annual Governance Statement, Council Plan and the Governance and Audit Committee's responsibilities for these and risk management, is shown in the diagram below.</p> |
| 1.04 | <p>The CIPFA/SOLACE Guidance note for Welsh Authorities was received in December 2016 following revision to take account of Welsh legislation and Wales only policies in particular the Well-being of Future Generations (Wales) Act 2015.</p> <p>The CIPFA/SOLACE Framework is intended to assist authorities in ensuring that:</p> <ul style="list-style-type: none"> resources are directed in accordance with agreed policy and according to priorities; there is sound and inclusive decision making; and there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities. <p>As a result of the revised Guidance note, the Code of Corporate Governance was last significantly revised in 2018/19 followed by annual reviews to ensure relevance and accuracy.</p> |

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| | The updating and formatting review of the code was initially carried out by the Corporate Governance Working Group followed by consultation with the Chief Executive, Monitoring Officer and Section 151 Officer. The revised code can be seen at Appendix A. |
| 1.05 | <p>The seven principles for the code (taken from the Framework) are as follows:</p> <ul style="list-style-type: none"> A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the law; B Ensuring openness and comprehensive stakeholder engagement; C Defining outcomes in terms of sustainable economic, social and environmental benefits; D Determining the interventions necessary to optimise the achievement of the intended outcomes; E Developing the Council's capacity, including the capability of its leadership and the individuals within it; F Managing risks and performance through robust internal control and strong public financial management; G Implementing good practices in transparency, reporting and audit to deliver effective accountability. |
| 1.06 | The principles of the Code are to be used by the Corporate Governance Working Group, Chief Officers and Overview and Scrutiny Committee chairs to help inform the preparation of the Annual Governance Statement. |

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

| | |
|-------------|--|
| 3.00 | CONSULTATIONS REQUIRED / CARRIED OUT |
| 3.01 | With the Corporate Governance Working Group, Chief Executive, Monitoring Officer, Section 151 Officer and senior officers where appropriate. |

| | |
|-------------|--|
| 4.00 | RISK MANAGEMENT |
| 4.01 | <p>The main risk is in not updating the Code, meaning it does not reflect the systems in place or meet the requirements.</p> <p>Similarly, in order to comply with requirements, the AGS needs to be prepared each year with input from members and officers, including an annual review of the effectiveness of governance.</p> <p>Both these risks are addressed through the adopted processes and approach each year, which reflect new or additional best practice and guidance.</p> |

| | |
|-------------|--|
| 5.00 | APPENDICES |
| 5.01 | Appendix A: Code of Corporate Governance |

| | |
|-------------|--|
| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
| 6.01 | None. |

| | |
|-------------|--|
| 7.00 | CONTACT OFFICER DETAILS |
| 7.01 | <p>Contact Officer: Lisa Brownbill, Internal Audit, Performance and Risk Manager</p> <p>Telephone: 01352 702231</p> <p>E-mail: lisa.brownbill@flintshire.gov.uk</p> |

| | |
|-------------|---|
| 8.00 | GLOSSARY OF TERMS |
| 8.01 | <p>Corporate Governance: the system by which local authorities direct and control their functions and relate to their communities.</p> <p>It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership.</p> <p>It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management Processes.</p> |

Flintshire County Council's

Code of Corporate Governance

2023-2024



Tudalen 127

Content

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| 2. How the Council achieves the code..... | 3 |
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| Principle B: Ensuring openness and comprehensive stakeholder engagement..... | 7 |
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| Principle D: Determining the interventions necessary to optimise the achievements of the intended outcomes..... | 11 |
| Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it..... | 13 |
| Principle F: Managing risks and performance through robust internal control and strong financial management | 16 |
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| 4. Assurance Statement..... | 23 |

Whilst the Council is the Administering Authority for the Clwyd Pension Fund (the Pension Fund), the Clwyd Pension Fund produce their own Annual Governance Statement.

1. Introduction and Purpose

In accordance with the *Delivering Good Governance Framework* there is an expectation that there is a formally set local structure of governance, often referred to as the Local Code, within each local authority although in practice it may consist of a number of documents. Each authority should be able to demonstrate that the governance structure in place complies with the principles and sub principles contained within the *Delivering Good Governance Framework*.

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

Flintshire County Council acknowledges its responsibility for ensuring that there is a sound system of governance. The Council has developed a Local Code (structure) of Corporate Governance that defines the principles that underpin the governance of the organisation. The Local Code of Corporate Governance forms part of the Council Constitution and can be accessed on the Council’s website. A summary of the principles upon which it is based can be found in Section 3 of this document.

The governance framework comprises the culture, values, systems and processes by which an organisation is directed and controlled. At the heart of our effective corporate governance is our adherence to the seven Nolan principles derived from *Striking the Balance - Upholding the Seven Principles of Public Life in Regulation* as listed within the table across and the five ways of working of the Well-being of Future Generations (Wales) Act 2015.

The diagram below is based on the International Framework: *Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the ‘International Framework’)*,

| Seven Principles of Public Life | |
|---------------------------------|---|
| Selflessness | Holders of public office should act solely in terms of the public interest. |
| Integrity | Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships. |
| Objectivity | Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias. |
| Accountability | Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this. |
| Openness | Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing. |
| Honesty | Holders of public office should be truthful. |
| Leadership | Holders of public office should exhibit these principles in their own behaviour. |

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

and illustrates the various principles of good governance in the public sector and how they relate to each other.

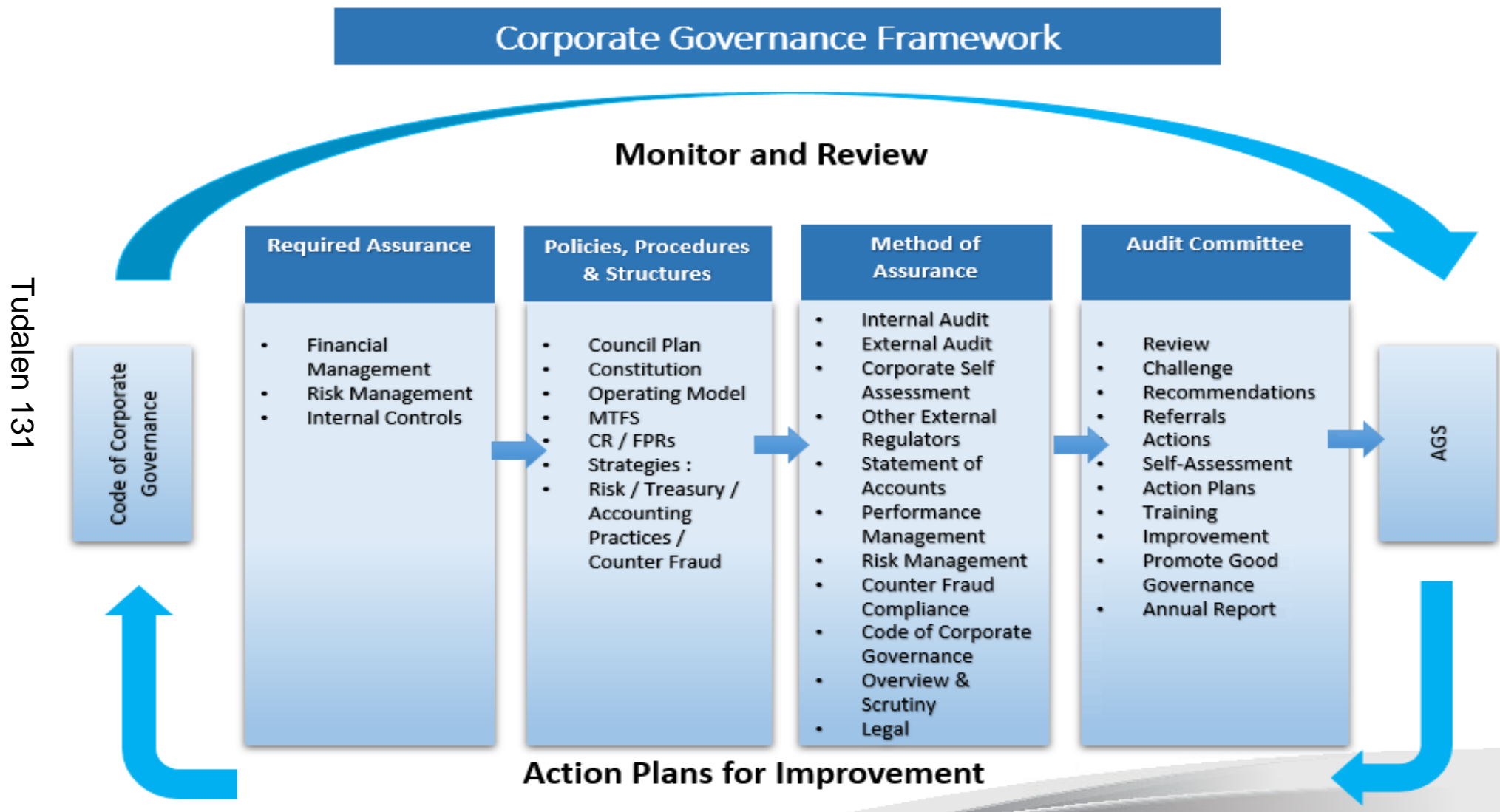
Principles A and B permeate implementation of principles C to G. The diagram also illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review.

Seven Principles of Good Governance



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The Council's Governance Framework brings together an underlying set of legislative requirements, good practice principles and management processes (see diagram below)



2. How the Council Achieves Good Governance overall:

With this section we demonstrate how good governance is achieved and maintained against the Core Principles and Sub Principles of the Delivering Good Governance Framework.

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

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| Behaving with integrity | How the Council achieves this |
|---|--|
| <ol style="list-style-type: none"> 1. Ensuring Members and employees 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. 2. Ensuring Members take the lead in establishing specific values for the organisation and its employees and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles). 3. Leading by example and using these standard operating principles or values as a framework for decision making and other actions. 4. Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies/processes which are reviewed on a regular basis to ensure that they are operating effectively. | <ul style="list-style-type: none"> • Our Constitution has the Codes of Conduct and Protocols which Members and Officers (employees) have agreed to comply with. • The Council requires our Members, whether they are elected or co-opted, to sign and to be bound by our Code. • Code of Conduct for Members (1,2,3, & 4) • The Flintshire Standard which contains a Local Resolution Procedure for complaints about Member behaviour (1,2,3 & 4) • Protocol for Members in their dealings with contractors, developers and other third parties. (1,3 & 4) • Protocol on Member/ Officer relations (1,2,3 & 4) • Employee Code of Conduct (1,3 & 4) • We operate an effective elections protocol, ensuring high standards are upheld during election periods. (1) • Our list of ‘politically restricted posts is reviewed regularly and post holders reminded of statutory restrictions on their political activities. (1,2,3, & 4) • We have Dignity at Work policy and Diversity and Equality Policy (1,2,3 & 4) • Guidance has been provided to members on conduct of Remote Attendance Meetings (1) |

| Demonstrating strong commitment to ethical values | How the Council achieves this: |
|--|--|
| <p>5. Seeking to establish, monitor and maintain the organisation’s ethical standards and performance.</p> <p>6. Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation’s operation.</p> <p>7. Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.</p> <p>8. Ensuring the external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation.</p> | <ul style="list-style-type: none"> • The Council’s commitment to the Nolan principles is shown in the codes and policies below which are found in the Constitution: <ul style="list-style-type: none"> – <i>Code of Conduct for Members</i> (5,6) – <i>The Flintshire Standard</i> which contains <i>a Local Resolution Procedure for complaints about Member behaviour</i> (5,6) – <i>Protocol for Members in their dealings with contractors, developers and other third parties.</i> (5,6) – <i>Protocol on Member/ Officer relations</i> (5,6) – <i>Employee Code of Conduct</i> (5,6) • Contract Procedure Rules (7) • Financial Procedure Rules (7) • Procurement Strategy (7) • Whistleblowing policy (7) • Compliance with the Equality Act 2010 and Wellbeing of Future Generations (Wales) Act 2015 (8) • Developing the Council’s values and behaviours through consultation with the workforce (5, 6) |
| Respecting the rule of law | How the Council achieves this: |
| <p>9. Ensuring Members and employees demonstrate a strong commitment to the rule of law as well as adhering to the relevant laws and regulations.</p> <p>10. Creating the conditions to ensure that the statutory officers, other key post holders and Members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.</p> <p>11. Striving to optimise the use of the Council’s full powers available for the benefit of its citizens, its communities and other stakeholders.</p> | <ul style="list-style-type: none"> • Our Chief Officer (Governance) is the Monitoring Officer and Senior Information Risk Officer (SIRO) (9,10,11,12,13) • The Internal Audit function within the Governance Portfolio reports regularly to the Governance and Audit Committee which includes three independent lay Members. (9,11,12,13) • We have a Standards committee which promotes and maintains high standards of conduct by elected and co-opted Members. It comprises five independent, lay Members, three county councillors and one representative of community and town councils. A review |

| | |
|---|--|
| <p>12. Dealing with breaches of legal and regulatory provisions effectively.</p> <p>13. Ensuring corruption and misuse of power are dealt with effectively.</p> | <p>of all committees has been undertaken by the Standards Committee (9,10,11)</p> <ul style="list-style-type: none"> • Our relationship with the Wales Audit office and other regulatory bodies (Information Commissioner’s Office and the Equality and Human Rights Commission, plus the four Welsh Commissioners for Welsh Language, Future Generations, Children and Older People) is strong. (9, 11,12) • We have a robust Overview & Scrutiny function of five committees which together cover all of the Council’s functions and our external partnerships. (9,10,11) • Unresolved or unsatisfied customer complaints can be considered by Public Services Ombudsman for Wales, whose contact details are published on our website. (9,10,12,13) • Whistleblowing policy, Anti-Fraud and Corruption Strategy and a Fraud Response Plan (12 & 13) |
|---|--|

Principle B: Ensuring openness and comprehensive stakeholder engagement

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| Openness | How the Council achieves this |
|---|--|
| <p>14. Ensuring an open culture through demonstrating, documenting and communicating the organisation’s commitment to openness.</p> <p>15. Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping decisions confidential should be provided.</p> <p>16. Provide clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.</p> <p>17. Using formal and informal consultation and engagement to inform the most appropriate and effective interventions / courses of action.</p> | <ul style="list-style-type: none"> • Council’s website, intranet and partners networks to continually demonstrate our commitment to openness (14,15) • Most committee reports are considered in public unless there is demonstrable legal basis for confidentiality (15) • Annual Reports for the Overview and Scrutiny Committees and Governance and Audit Committee (14,15) • A calendar of Council meetings is available on the Council’s website which includes links to the livestream (14) • All Council meetings are streamed via live webcast. Recordings are subsequently available on our website (15) • Committee Papers published on the Council’s website (16) • County Forum (17) • Concerns and Complaints Policy (17) • Surveys (17) • Consultation events (17) • Customer Care Policy Statement & Standards (17) |
| Engaging comprehensively with institutional stakeholders | How the Council achieves this: |
| <p>18. Effectively engaging with stakeholders to ensure that the purpose, objective and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.</p> | <ul style="list-style-type: none"> • Consultation with Trade Unions (18) • Strategic Partnerships (19) • Public Services Board (Well-being Plan) (19) • Corporate Joint Committees (19) • Economic Ambition Board (19) |

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| | |
|---|---|
| <p>19. Developing formal and informal partnerships to allow for resources to be used more effectively and outcomes achieved more effectively.</p> <p>20. Ensuring that partnerships are based on trust, a shared commitment to change, a culture that promotes and accepts challenge among partners; and that the added value of partnership working is explicit.</p> | <ul style="list-style-type: none"> • Contest Board (19) • Youth Justice Board (19) • Agreed governance of Partnerships (20) |
| <p>Engaging stakeholders effectively, including individual citizens and service users</p> | <p>How the Council achieves this:</p> |
| <p>21. Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.</p> <p>22. Ensuring communication methods are effective and that Members and employees are clear about their roles with regard to community engagement.</p> <p>23. Encouraging, collecting and evaluating the views and experiences of citizens, service users and organisations of different backgrounds including reference to future needs.</p> <p>24. Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account.</p> <p>25. Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.</p> <p>26. Taking account of the interests of future generations of tax payers and services users.</p> | <ul style="list-style-type: none"> • Social Media Policy (21, 24) • Surveys, Impact and Evidence gathering (22) • Effective methods of Communication (22) • Integrated Impact Assessments (23, 25) • Strategic Reports (26) • Medium Term Financial Strategy (26) • Annual Performance Report (26) • A consultation and engagement hub is being developed for the Council’s website (23) • Flintshire County Council’s Facebook page proves two-way channel for sharing information and collecting feedback (23) |

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

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| Defining outcomes | How the Council achieves this: |
|--|---|
| <p>27. Having a clear vision, which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation’s overall strategy, planning and other decisions.</p> <p>28. Specifying the intended impact on, or changes for, stakeholders including individual citizens and service users. It could be immediately or over the course of a year or longer.</p> <p>29. Delivering defined outcomes on a sustainable basis within the resources that will be available.</p> <p>30. Identifying and managing risks to the achievement of outcomes.</p> <p>31. Managing expectations effectively with regard to determining priorities and making the best use of the resources available.</p> | <ul style="list-style-type: none"> • Council Plan (27,28) • Integrated Impact Assessments (28) • Housing Revenue Account (HRA) Business Plan (28) • Corporate Reduction Strategy (29, 31) • Medium Term Financial Strategy (29,31) • Capital Strategy and Asset Management Plan (29,31) • Risk Management Framework and User Guide (30) • Digital Strategy (31) • Concerns and Complaints Policy (31) • Customer Care Policy Statement & Standards (31) • People Strategy (31) • HR Business Continuity Plan (31) |
| Sustainable economic, social and environmental benefits | How the Council achieves this: |
| <p>32. Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision.</p> <p>33. Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the Council’s intended outcomes and short-term factors such as the political cycle or financial constraints.</p> | <ul style="list-style-type: none"> • Committee Reports (32,33,34) • Budget Setting Policy (32,33) • Capital Strategy and Asset Management Plan (32,33) • Integrated Impact Assessments (32,34,35) • Well-being Assessment and Well-being Plan (34) • Service standards including equality monitoring of some services (35) • Concerns and Complaints policy (35) • Digital Strategy, which includes digital inclusion (35) |

- | | |
|--|--|
| <p>34. Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure optimal solutions for stakeholders.</p> <p>35. Ensuring fair access to services.</p> | |
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Principle D: Determine the interventions necessary to optimise the achievements of the intended outcomes

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| Determining interventions | How the Council achieves this: |
|---|--|
| <p>36. Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore, ensuring best value is achieved however services are provided.</p> <p>37. Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.</p> | <ul style="list-style-type: none"> • Committee System (36) • Committee Meetings, workshops & briefings (36) • Committee Minutes (36) • Committee Reports (37) • Updated Guidance Notes for the completion of Committee Reports (37) |
| Planning interventions | How the Council achieves this: |
| <p>38. Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.</p> <p>39. Engaging with internal and external stakeholders in determining how services and other interventions can best be delivered.</p> <p>40. Considering and monitoring risks facing each partner when working collaboratively including shared risks.</p> <p>41. Ensuring arrangements are flexible/agile so that the mechanisms for delivering outputs can be adapted to changing circumstances.</p> <p>42. Establishing appropriate local performance indicators (as well as statutory or other national performance indicators) as part of</p> | <ul style="list-style-type: none"> • Council’s Schedule of Meetings approved by the annual meeting of Council (38,39) • Cabinet receives the combined forward work programme monthly (38,39) • Each of the five Overview & Scrutiny Committees reviews its own Forward work programme at each meeting (38,39) • Council Plan Performance Monitoring (38,42) • Risk Management Framework and User Guide (40) • Council Plan, and Corporate Performance Monitoring (41,43) • Medium Financial Term Strategy (44,45) |

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| <p>the planning process in order to assess how the performance of services is to be measured.</p> <p>43. Ensuring capacity exists to generate the information required to review service quality regularly.</p> <p>44. Preparing budgets in accordance with organisational objectives, strategies and the Medium-Term Financial Strategy.</p> <p>45. Informing medium and long-term resources planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.</p> | |
| <p>Optimising achievement of intended outcomes</p> | <p>How the Council achieves this:</p> |
| <p>46. Ensuring the Medium-Term Financial Strategy integrates and balances off service priorities, affordability and other resource constraints.</p> <p>47. Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.</p> <p>48. Ensuring the Medium-Term Financial Strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.</p> <p>49. 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 purchasing of goods, services and outcomes”</p> | <ul style="list-style-type: none"> • Medium Term Financial Strategy (46,47) • Annual Budget Setting process (46,47) • Procurement Strategy (49) • Contract Procedure Rules (49) • Social Value Strategy (49) • Social Value Procurement Policy (49) |

Principle E: Developing the Council’s capacity, including the capability of its leaderships and the individuals within it

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| Developing the entity’s capacity | How the Council achieves this: |
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| <p>50. Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness.</p> <p>51. Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the Council’s resources are allocated so that outcomes are achieved effectively and efficiently.</p> <p>52. Recognising the benefits of partnerships and collaborative working where added value can be achieved.</p> <p>53. Developing and maintaining an effective workforce plan to enhance strategic allocation of resources.</p> | <ul style="list-style-type: none"> • Annual Performance Report (50,51) • Corporate Self-Assessment (50) • Council Plan Performance Monitoring (50,51) • Agreed Council’s Capital Strategy & Asset Management Plan (50,51) • Review of the Council’s People and Customer Care Policy Statement & Standards (50) • APSE Benchmarking (where applicable) (51) • Audit Wales Audit Summary (51,52) • Strategic and/or regional partnerships/forums – for example, Public Services Board (52) • Endorsed and approved People Strategy and associated action plan (53) • Transition plan management, workforce planning assessments (including succession plans) and service resilience and efficiency statements (53) |
| Developing the capability of the entity’s leadership and other individuals | How the Council achieves this: |
| <p>54. Developing protocols to ensure that elected and appointed leaders negotiate their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.</p> | <ul style="list-style-type: none"> • Our Constitution and Scheme of Delegation are under regular review and set out the arrangements for our governance (54, 55, 56 and 57) • Clearly defined job description for the Chief Executive which sets out the statutory, strategic, and management and leadership roles (56) |

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| <p>55. Publishing a statement that specifies the types of decisions delegated to the Cabinet and those reserved for the collective decision making of the Council.</p> <p>56. Ensuring the Leader and the Chief Executive have clearly defined and distinctive leadership roles within a structure whereby the Chief Executive leads the Council in implementing strategy and managing the delivery of services and other outputs set by Members and each provides a check and a balance for each other's authority.</p> <p>57. Developing the capabilities of Members and senior management to achieve effective shared leadership and to enable the Council to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks.</p> <p>58. Ensuring employees have access to appropriate induction tailored to their role with ongoing training and development matching individual and organisational requirements is available and encouraged.</p> <p>59. Ensuring Members and employees have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to continuously update their knowledge.</p> <p>60. Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from both internal and external governance weaknesses.</p> <p>61. Ensuring that there are structures in place to encourage public participation.</p> <p>62. Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections.</p> <p>63. Holding employees to account through regular performance reviews which take account of training and development needs.</p> | <ul style="list-style-type: none"> • Ability to respond to change demands through flexibilities within the Senior Management structure (57) • Individual corporate and services specific induction and support for all employees in new jobs. Bespoke induction and support for elected Members (58) • After whole council elections, there is a comprehensive induction programme for new and returning Members (57) • Performance appraisals, are one of a number of performance management tools used, including 1-2-1 meetings, day to day supervision and team meetings, that aim to ensure employees' performance contributes to business objectives, and is used as part of a holistic approach to managing performance (58,63) • Knowledge and skills are built and maintained through regular briefings and workshops (59 and 60) • A range of e-learning modules are available to employees and members to enhance (or refresh) their knowledge of specific areas (59) • Action plans following external regulator inspection (60) • External regulatory protocol in place (60) • A range of public consultation methods, a concerns and complaints policy and statutory protocols for public engagement in Overview and Scrutiny (61) • Welcome peer reviews of both governance arrangements and service delivery to improve the effectiveness of leadership (62) • Career structures are in place for all employees and encourage participation in development and training (62,63) • Provision of learning and development opportunities for all employees, details of available courses accessible on the Infonet and bookable via iTrent (63) • An increase in the use of e-learning to support employees working in a hybrid manner (63) • A range of Council policies and procedures including, Health and Wellbeing, Alcohol and Substance Misuse and Violence against |
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| <p>64. Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.</p> | <p>Women, Domestic Abuse and Sexual Violence (VAWDASV) Workplace Policies are available on the Infonet (64)</p> <ul style="list-style-type: none"> • Provision of and promotion of our Employee Assistance Programme (EAP) which provides emotional and practical support for issues at home or in work and supplements the support available from Occupational Health (64) • Dedicated Health and Wellbeing section on the Infonet which provides access to support on an individual, management and team level, including the useful numbers and links to external support networks e.g. MIND, Samaritans (64) Provision of Health Surveillance for those employees who may exposed to noise, vibration and substances hazardous to health (64) |
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Principle F: Managing risks and performance through robust internal control and strong financial management

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| Managing risk | How the Council achieves this: |
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| 65. Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making. 66. Implementing robust and integrated risk management arrangements and ensuring that they are working effectively. 67. Ensuring that responsibilities for managing individual risks are clearly allocated. | <ul style="list-style-type: none"> • Risk Management Framework, Procedural documents and User Guide (65) • Performance management system to record details of Risk Registers (65,66,67) • Development of Business Plans (65) |
| Managing Performance | How the Council achieves this: |
| 68. Monitoring service delivery effectively including planning, specification, execution and independent post implementation review. 69. Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook. 70. Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the Council's performance and that of any organisation for which it is responsible. 71. Providing Members and senior management with regular reports on service delivery plans and on progress towards outcome achievement. | <ul style="list-style-type: none"> • Business Planning (68) • Risk Management (68) • Performance Monitoring (68) • Post Implementation Reviews (68) • Integrated Impact Assessments. (69) • Financial Procedural Rules. (69) • Contract Procedural Rules. (69) • Five Overview and Scrutiny Committees (70) • Call in Process (70) • Cabinet (70,71) • Council's Constitution (70) • Council Policies (70) • Council Plan Performance Monitoring (71) • Corporate Self-Assessment (71) • Publicly published Agenda and minutes (71) |

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| <p>72. Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements).</p> | <ul style="list-style-type: none"> Publicly reported Overview & Scrutiny Annual Report (71) Publicly reported Internal Audit Annual Report (71) Publicly reported Governance and Audit Committee Annual Report (71) Budget Monitoring Process (72) Budget Monitoring Reports (72) Corporate Resources Overview & Scrutiny (72) |
| <p>Robust internal control</p> | <p>How the Council achieves this:</p> |
| <p>73. Aligning the risk management strategy and policies on internal control with achieving the Council's objectives.</p> <p>74. Evaluating and monitoring the Council's risk management and internal control on a regular basis.</p> <p>75. Ensuring effective counter-fraud and anti-corruption arrangements are in place.</p> <p>76. Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.</p> <p>77. Ensuring an Governance and Audit Committee or equivalent group or function which is independent of the Cabinet provides a further source of effective assurance arrangements for managing risk and maintain an effective control environment and that its recommendations are listened to and acted upon.</p> | <ul style="list-style-type: none"> Risk Management Framework and User Guide (73,74) Development of Business Plans (73) Internal Audit Reviews (74) Governance and Audit Committees endorsement of strategy and biannual performance reports (74,76) Corporate Anti-Fraud and Corruption Strategy (75) Fraud Response Plan (75) Whistleblowing Policy (75) Internal Audit and Compliance with Public Sector Internal Audit Standard (PSIAS) (76) Delivery of the Annual Internal Audit Risk Based Plan (74,76) Governance and Audit Committee comprising of six Members and three lay Members. The Chair and Vice Chair of the Committee are lay Members (77) Governance and Audit Committee Charter and Terms of Reference (77) Governance and Audit Committee's Annual Report (77) Governance and Audit Committee's compliance with the CIPFA guide for Governance and Audit Committee's (77) |

| Managing Data | How the Council achieves this: |
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| <p>78. Ensuring effective and legally compliant arrangements are in place for the safe collection, storage, use and sharing of data, including processes to ensure the security of personal data.</p> <p>79. Ensuring effective and legally compliments arrangements are in place when sharing data with other bodies.</p> <p>80. Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.</p> | <ul style="list-style-type: none"> • Information and Data Management Strategy. (78,79,80) • A Data Protection Officer to advise on our obligations, liaise with the Information Commissioner’s Office (ICO), and who reports directly to Chief Officer Governance. (78,79,80) • An Information Governance team to monitor compliance (78,79,80) • A GDPR Project Board to provide focus and senior management oversight (78,79,80) • An Information Compliance Operational Group (ICOG) consisting of Data Protection link officers from across the Authority to monitor performance and ensure consistency between Portfolios. (78, 79, 80) • Data Protection Impact Assessments (DPIAs). (78,79) • Information Security Management System (78,79) • Data Protection Policies, Guidance and Training (78,79) • Cyber Security Training (78) • Public Services Network certification (78, 79) • Wales Accord for Sharing Personal Information (WASPI) (79) • GDPR Phase 2 Action Plan (78,79,80) • Corporate Information Asset Register (78,80) • Data Processing Agreements (78) • Data Sharing Agreements (79) • Corporate reporting and monitoring of security breaches (78, 79 ,80) • Data Protection Audit (80) • IT Compliance Assessment (78, 79, 80) • Annual IT Health Check (ITHC) (78) • Central recording of corporate performance data (InPhase) (80) • External data quality audits (80) • Internal audit of data to support decision making (80) |

| Strong public financial management | How the Council achieves this: |
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| <p>81. Ensuring the Council’s financial management supports both long term achievement of outcomes and short-term financial and operational performance.</p> <p>82. Ensuring well-developed financial management is integrated at all organisational levels of planning and control, including management of financial risks and controls.</p> | <ul style="list-style-type: none"> • Medium Term Financial Strategy (MTFS.) (81) • Business Efficiency Plans (82) • Part 4 of the Constitution – Budget and Policy Framework Procedure Rules (82) • Monthly revenue monitoring reports to Cabinet and Corporate Resources Overview and Scrutiny Committee (82) • Quarterly capital monitoring reports to Cabinet and Corporate Resources Overview and Scrutiny Committee (82) • Treasury Management and Policy Statement (82) • Scheme of Delegation (82) • Financial Procedural Rules (82) • Council’s Constitution (82) • Internal Performance Indicators for the MTFS, monitored with the Council Plan (82) |

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

Tudalen 148

| Implementing good practice in transparency | How the Council achieves this: |
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| <p>83. Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.</p> <p>84. Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny whilst not being too onerous for the Council to provide and for users to understand.</p> | <ul style="list-style-type: none"> • Council Website (83,84) • Council’s publication scheme (83,84) • Annual Performance Report (83,84) • Council’s Corporate Self-Assessment (83,84) • Updated Report Format and Writing Guidance (83,84) • Easy read and use of infographics of strategies and public documents (83,84) |
| Implementing good practices in reporting | How the Council achieves this: |
| <p>85. Reporting at least annually on performance, value for money and the stewardship of its resources.</p> <p>86. Ensuring Members and senior management own the results.</p> <p>87. Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (Annual Governance Statement).</p> <p>88. Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate.</p> <p>89. Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations.</p> | <ul style="list-style-type: none"> • Annual Performance Report (85) • Council Plan Performance Monitoring (85) • Audited and Signed Statement of Accounts (85,86,89) • Monitoring and reporting of Council improvement (87) • Corporate Self-Assessment (86,87) • Code of Corporate Governance (87,88) • Annual Governance Statement (87,88) • Mid-Year Update on the Annual Governance Statement (87) • Annual Internal Audit Report (87,88) • Annual Governance and Audit Committee Annual Report (87,88) |

| Assurance and effective accountability | How the Council achieves this: |
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| <p>90. Ensuring that recommendations for corrective action made by external audit are acted upon.</p> <p>91. Ensuring an effective internal audit service with direct access to Members is in place which provides assurance with regard to the Council’s governance arrangements and recommendations are acted upon.</p> <p>92. Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.</p> <p>93. Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement</p> <p>94. Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met.</p> | <ul style="list-style-type: none"> • Committee reports and action tracking (90) • External Regulation Reporting and Monitoring Protocol (90) • Action tracking and reporting (90) • Independent position of Internal Audit within the Council with direct access to Senior Officers and Members (91) • Quarterly meetings with the Leader of the Council (91) • Annual Self-Assessment and external assessment for compliance with the Internal Audit Public Sector Standards (PSIAS) (91) • Regular Self-Assessment of Services (92) • External validation via benchmarking (when available) and commissioned assessments (92) • External Regulatory Reports (Committee Minutes) (92) • Annual Summary of External Regulatory reports to Governance and Audit Committee (92) • Peer Reviews (92) • Partnership governance arrangements (94) |

3. Monitoring and Review

The Code of Corporate Governance forms part of the Constitution. It is reviewed and updated annually by the Corporate Governance Group to ensure it is up to date and complies with all relevant legislation and other requirements. The Code of Corporate Governance is used to update the Annual Governance Statement.

The membership of the Corporate Governance Group is:

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| Lisa Brownbill (Chair) | Internal Audit, Performance and Risk Manager |
| Emma Heath | Strategic Performance Advisor |
| Andrew Elford | Principal Accountant |
| Richard Ashley | ICT Services Business Manager |
| Sharon Carney | Corporate Manager, People and Organisational Development |
| Margaret Parry-Jones | Overview & Scrutiny Facilitator |
| Rebecca Jones | Customer Contact Service Manager |
| Kelly Oldham-Jones | Strategic Executive Officer |
| Sam Perry | Corporate Business and Communications Officer |

4. Assurance Statements

I am satisfied that there are effective governance arrangements in place, including a sound system of internal control, throughout the year ended 31st March and that this is ongoing.

| Signed | Position | Date |
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| | Chief Executive | |
| | Section 151 Officer | |
| | Chief Officer - Governance | |

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Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 8



GOVERNANCE AND AUDIT COMMITTEE

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| Date of Meeting | Wednesday 24 th January 2024 |
| Report Subject | Treasury Management Strategy 2024/25 Treasury Management Quarter 3 Update 2023/24 |
| Report Author | Corporate Finance Manager |

EXECUTIVE SUMMARY

The report presents the draft Treasury Management Strategy 2024/25 for review and seeks the Committee's recommendation to Cabinet.

The report also provides an update on treasury management activity during the third quarter, 1st October to 31st December 2023.

This report is supplemented by treasury management training that was provided for Members of the Council on 8th December 2023.

RECOMMENDATIONS

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| 1 | Committee reviews the draft Treasury Management Strategy 2024/25 and identifies any matters to be drawn to the attention of Cabinet on 20 th February. |
| 2 | Committee reviews the treasury management 2023/24 quarterly update. |

REPORT DETAILS

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| 1.00 | EXPLAINING THE CHANGES TO THE POLICY STATEMENT, STRATEGY AND PRACTICES |
| | <u>BACKGROUND</u> |
| 1.01 | The Local Government Act 2003 requires all local authorities to have due regard to both the Chartered Institute of Public Finance and Accountancy's Treasury Management in Public Services: Code of Practice (The CIPFA Code of Practice) and Welsh Government guidance on Local Authority Investments. |
| 1.02 | <p>In April 2023 the Council adopted the Chartered Institute of Public Finance and Accountancy's <i>Treasury Management in the Public Services: Code of Practice, 2021 Edition</i> (the CIPFA Code) which requires the Council to approve a Treasury Management Strategy before the start of each financial year.</p> <p>The CIPFA Code of Practice (2021 edition) requires: -</p> <ul style="list-style-type: none">• The Council to create and maintain a Treasury Management Policy Statement which states the Council's policies, objectives and approach to risk management of its treasury management activities.• The Council to create and maintain suitable Treasury Management Practices (TMPs) and accompanying schedules, stating how those policies and objectives will be achieved and prescribing how those activities will be managed and controlled.• The Council to create and maintain suitable investment management practices (IMPs) for investments that are not for treasury management purposes, within the TMP's.• The Council to receive reports on its treasury and investment management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.• Responsibility for treasury management to be clearly defined. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to the Corporate Finance Manager, who will act in accordance with the organisation's policy statement and TMPs and, CIPFA's <i>Standard of Professional Practice on Treasury Management</i>.• A body to be responsible for the scrutiny of Treasury Management Policy, Strategy and Practices. The Council has nominated the Governance and Audit Committee to be responsible for ensuring effective scrutiny of the treasury management function. The Governance and Audit Committee has previously agreed to |

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| | include treasury management as a standing item on each quarterly agenda to receive an update. |
| 1.03 | The Welsh Government issues guidance on local authority investments that requires the Council to prepare an investment strategy before the start of each financial year. The guidance was updated in November 2019 and came into force from 1 st April 2020. |
| 1.04 | In preparation for approving the 2024/25 Treasury Management Strategy, training for all Members was held on 8 th December 2023. The workshop, presented by Arlingclose, the Council's treasury management advisors, covered: 1) the regulatory framework and the role of the elected Member in scrutinising the treasury management function; 2) an overview of the Council's treasury position and future; 3) a section on capital expenditure and financing, borrowing and debt restructuring; 4) a section on risk management and economic outlook, and 5) investment management. |
| | <u>CONSIDERATIONS</u> |
| | 2024/25 Treasury Management Policy Statement, Strategy and Practices |
| 1.05 | The Treasury Management Policy Statement was approved by Council in February 2023 and covers the 3-year period from 2023/24 to 2025/26. This document defines the Council's Treasury Management activities, sets out the Council's criteria to measure the effectiveness of Treasury Management activities and includes the Council's high-level policies for borrowing and investments. Once approved, it was agreed that the document only be reported to Members during its lifetime in the event of any significant changes. There is no change to this document. |
| 1.06 | <p>Similarly, the Treasury Management Practices (TMPs) and accompanying schedules to cover the 3-year period from 2023/24 to 2025/26 were approved by Council in February 2023 and it was agreed that these operational documents will only be reported to Members during their lifetime in the event of any significant changes.</p> <p>The TMPs and schedules state how treasury management policies and objectives will be achieved and give specific details of the systems and routines employed and the records to be maintained, including:</p> <ul style="list-style-type: none"> • TMP 1 Treasury risk management • TMP 2 Performance measurement • TMP 3 Decision-making and analysis • TMP 4 Approved instruments, methods and techniques • TMP 5 Organisation, clarity and segregation of responsibilities, and dealing arrangements • TMP 6 Reporting requirements and management information arrangements • TMP 7 Budgeting, accounting and audit arrangements • TMP 8 Cash and cash flow management • TMP 9 Money laundering • TMP 10 Staff training and qualifications • TMP 11 Use of external service providers |

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| | <ul style="list-style-type: none"> • TMP 12 Corporate governance |
| | Treasury Management Strategy 2024/25 |
| 1.07 | <p>The 2024/25 Treasury Management Strategy is attached at Appendix 1 for review and discussion. The Strategy is updated and reported annually to Members in accordance with the CIPFA Code of Practice and Welsh Government guidance.</p> <p>The Treasury Management Strategy details the approach the Council will take for investing and borrowing over the next year, including the budgetary implications of the planned investment and borrowing strategy, and a number of treasury management indicators that the CIPFA Code requires.</p> |
| 1.08 | <p>The main body of the 2024/25 Strategy has not changed significantly from that of the 2023/24 Strategy. Matters that merit the attention of Members are summarised below:</p> <ul style="list-style-type: none"> • Section 2 – Economic context, provided by Arlingclose, highlights the impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East. The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level for the rest of 2023. In December 2023, members of the BoE’s Monetary Policy Committee voted 6-3 in favour of keeping Bank Rate at 5.25%. Arlingclose forecasts that Bank Rate has peaked at 5.25%. • Section 4 – Local context. This section summarises the Council’s anticipated treasury position in 2024/25. Activity in 2024/25 is expected to focus more on borrowing and less on investing as the Council’s requirement to borrow is forecast to grow due to a planned increase in capital expenditure. • Section 5 - Borrowing strategy. This section is largely a continuation of the 2023/24 strategy. The Council continues to forecast a significant long-term borrowing requirement. The required amounts need to be confirmed before a commitment to long term borrowing is made and the use of short-term borrowing will be used to assist during this period. • Section 6 – Treasury Investment Strategy. Again, this section is largely a continuation of the Council’s 2023/24 strategy, the aim being to invest its funds prudently and to have regard to the security and liquidity of its investments before seeking the highest rate of return or yield. |
| | Treasury Management 2023/24 - Quarter 3 Update |
| 1.09 | <p><u>Investments update</u></p> <p>A schedule setting out the Council’s investments at 31st December 2023 is attached at Appendix 2. The investment balance at this time was £20m across 5 counterparties with an average interest rate of 5.25%.</p> |

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| 1.10 | <p><u>Borrowing update</u></p> <p>Appendix 3 shows the Council's long-term borrowing portfolio as at 31st December 2023, a total of £302.9m with a weighted average interest rate of 4.49%. During the quarter, the Council has taken two new long-term loans from the Public Works Loans Board (PWLB) to support its strategy of fixing a portion of its long-term borrowing requirement. One loan was a 12-year Equal Instalments of Principal loan for £5m, with an interest rate of 4.41%. The other loan was a 13-year Equal Instalments of Principal loan for £7m, with an interest rate of 3.98%.</p> <p>Appendix 4 shows the Council's short-term borrowing portfolio as at 31st December 2023. The total amount of loans outstanding was £13m with an average interest rate payable of 5.44%.</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 Council has a long-term borrowing requirement and therefore further long-term borrowing may possibly be undertaken before the end of this financial year. This position will be reviewed and monitored closely during the last few months of 2023/24, with support and advice from Arlingclose.</p> |
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| 2.00 | RESOURCE IMPLICATIONS |
| 2.01 | Financial implications are set out within this report and supporting appendices; there are no other resource implications directly as a result of this report. |

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| 3.00 | CONSULTATIONS REQUIRED / CARRIED OUT |
| 3.01 | Arlingclose Ltd, being the Council's treasury management advisors. |

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| 4.00 | RISK MANAGEMENT |
| 4.01 | Risk Management directly addressed within the appendices including identification of risks and measures to mitigate likelihood and impact of risks identified. |

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| 5.00 | APPENDICES |
| 5.01 | <ol style="list-style-type: none"> 1. Draft Treasury Management Strategy 2024/25 2. Investment Portfolio as at 31st December 2023 |

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| | <p>3. Long-term Borrowing Portfolio as at 31st December 2023</p> <p>4. Short-term Borrowing Portfolio as at 31st December 2023</p> |
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| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
| 6.01 | <p>Contact Officer: Chris Taylor – Strategic Finance Manager Telephone: 01352 703309 E-mail: Christopher.taylor@flintshire.gov.uk</p> |

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|-------------|--|
| 7.00 | GLOSSARY OF TERMS |
| 7.01 | <p>Authorised Limit: A statutory limit that sets the maximum level of external debt for the Council.</p> <p>Balances and Reserves: Accumulated sums that are held, either for specific future costs or commitments (known as earmarked) or generally held to meet unforeseen or emergency expenditure.</p> <p>Bank Rate: The official interest rate set by the Bank of England’s Monetary Policy Committee and what is generally termed at the “base rate”.</p> <p>Basis Point: A unit of measure used in finance to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent). In most cases, it refers to changes in interest rates and bond yields. For example, if interest rates rise by 25 basis points, it means that rates have risen by 0.25% percentage points.</p> <p>Bond: A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The price of a bond may vary during its life.</p> <p>Capital Expenditure: Expenditure on the acquisition, creation or enhancement of capital assets.</p> <p>Capital Financing Requirement (CFR): The Council’s underlying need to borrow for capital purposes representing the cumulative capital expenditure of the local authority that has not been financed.</p> <p>Certificates of Deposits (CDs): A savings certificate entitling the bearer to receive interest. A CD bears a maturity date, a specified fixed interest rate and can be issued in any denomination. CDs are generally issued by commercial banks. The term of a CD generally ranges from one month to five years.</p> <p>Consumer Price Index (CPI): The UK’s main measure of inflation (along with Retail Price Index or ‘RPI’) The Monetary Policy Committee of the Bank of England set the Bank Rate in order to try and keep CPI at or close to the target set by the Government. The calculation of CPI includes many items</p> |

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 3rd January 2018 local authorities will be treated as retail clients but can "opt up" to professional client status, providing that they meet certain qualitative and quantitative criteria.

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

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

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

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

Operational Boundary: This linked directly to the Council's estimates of the CFR and estimates of other day to day cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely prudent but not worst-case scenario but without the additional headroom included within the Authorised Limit.

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

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

Prudential Indicators: Indicators determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is

publicly accountable; they are not intended to be comparative performance indicators.

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

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

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

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

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

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

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

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

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

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

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

Treasury Management Practices (TMP): Treasury Management Practices set out the manner in which the Council will seek to achieve its

| | |
|--|--|
| | policies and objectives and prescribe how it will manage and control these activities. |
|--|--|

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

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



DRAFT
FLINTSHIRE COUNTY COUNCIL

**TREASURY MANAGEMENT
STRATEGY**

2024/25

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Treasury Management Strategy Report 2024/25

The Council is recommended to:

- Approve the Treasury Management Strategy for 2024/25
- Approve the Treasury Management Indicators for 2024/25

1.0 Introduction

In April 2023 the Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice, 2021 Edition* (the CIPFA Code) which requires the Council to approve a Treasury Management Strategy before the start of each financial year.

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

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

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

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

2.0 Economic Context (including interest rate forecast) – as provided by Arlingclose Ltd, December 2023

Economic background: The impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, will be major influences on the Council's treasury management strategy for 2024/25.

The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level for the rest of 2023. In December 2023, members of the BoE's Monetary Policy Committee voted 6-3 in favour of keeping Bank Rate at 5.25%. The three dissenters wanted to increase rates by another 0.25%.

The November quarterly Monetary Policy Report (MPR) forecast a prolonged period of weak Gross Domestic Product (GDP) growth with the potential for a mild contraction due to ongoing weak economic activity. The outlook for CPI inflation was deemed to be highly uncertain, with upside risks to CPI falling to the 2% target coming from potential energy price increases, strong domestic wage growth and persistence in price-setting.

Office for National Statistics (ONS) figures showed CPI inflation was 3.9% in November 2023, down from a 4.6% rate in the previous month and, in line with the recent trend, lower than expected. The core CPI inflation rate declined to 5.1% from the previous month's 5.7%, again lower than predictions. Looking ahead, using the interest rate path implied by financial markets the BoE expects CPI inflation to continue falling slowly, but taking until early 2025 to reach the 2% target before dropping below target during the second half 2025 and into 2026.

ONS figures showed the UK economy contracted by 0.1% between July and September 2023. The BoE forecasts GDP will likely stagnate through 2024. The BoE forecasts that higher interest rates will constrain GDP growth, which will remain weak over the entire forecast horizon.

The labour market appears to be loosening, but only very slowly. The unemployment rate rose slightly to 4.2% between June and August 2023, from 4.0% in the previous 3-month period, but the lack of consistency in the data between the two periods made comparisons difficult. Earnings growth has remained strong but has showed some signs of easing; regular pay (excluding bonuses) was up 7.3% over the period and total pay (including bonuses) up 7.2%. Adjusted for inflation, regular pay was 1.4% and total pay 1.3%. Looking forward, the MPR showed the unemployment rate is expected to be around 4.25% in the second half of calendar 2023, but then rising steadily over the forecast horizon to around 5% in late 2025/early 2026.

Having increased its key interest rate to a target range of 5.25-5.50% in August 2023, the US Federal Reserve appears now to have concluded the hiking cycle. It is likely this level represents the peak in US rates following a more dovish meeting outcome in December 2023. US GDP grew at an annualised rate of 4.9% between July and September 2023, ahead of expectations for a 4.3% expansion and the 2.1% reading for Q2. But the impact from higher rates has started to feed into economic activity and growth will weaken in 2024. Annual CPI inflation was 3.1% in November.

Eurozone inflation has declined steadily since the start of 2023, falling to an annual rate of 2.4% in November 2023. Economic growth has been weak and GDP contracted by 0.1% in the three months to September 2023. In line with other central banks, the European Central Bank has increased rates, taking its deposit facility, fixed rate tender, and marginal lending rates to 3.75%, 4.25% and 4.50% respectively.

Credit outlook: Credit Default Swap (CDS) prices were volatile during 2023, spiking in March on the back of banking sector contagion concerns following the major events of Silicon Valley Bank becoming insolvent and the takeover of

Credit Suisse by UBS. After then falling back in Q2 of calendar 2023, in the second half of the year, higher interest rates and inflation, the ongoing war in Ukraine, and now the Middle East, have led to CDS prices increasing steadily.

On an annual basis, CDS price volatility has so far been lower in 2023 compared to 2022, but this year has seen more of a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.

Moody's revised its outlook on the UK sovereign to stable from negative to reflect its view of restored political predictability following the volatility after the 2022 mini-budget. Moody's also affirmed the Aa3 rating in recognition of the UK's economic resilience and strong institutional framework.

Following its rating action on the UK sovereign, Moody's revised the outlook on five UK banks to stable from negative and then followed this by the same action on five rated local authorities. However, within the same update the long-term ratings of those five local authorities were downgraded.

There remain competing tensions in the banking sector, on one side from higher interest rates boosting net income and profitability against another of a weakening economic outlook and likely recessions that increase the possibility of a deterioration in the quality of banks' assets.

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

Interest rate forecast (December 2023): Although UK inflation and wage growth remain elevated, the Council's treasury management adviser Arlingclose forecasts that Bank Rate has peaked at 5.25%. The Bank of England's Monetary Policy Committee will start reducing rates in 2024 to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. Arlingclose sees rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.

Arlingclose expects long-term gilt yields to be broadly stable at current level (amid continued volatility), following the decline in yields towards the end of 2023, which reflects the expected lower medium-term path for Bank Rate. Yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

Table 1: Interest rate forecast

| | Bank Rate | 3-month Money Market Rate | 5-year Gilt Yield | 20-year Gilt Yield | 50-year Gilt Yield |
|---------|-----------|---------------------------|-------------------|--------------------|--------------------|
| Q1 2024 | 5.25 | 5.40 | 3.75 | 4.20 | 3.80 |
| Q2 2024 | 5.25 | 5.40 | 3.75 | 4.20 | 3.85 |
| Q3 2024 | 5.25 | 5.30 | 3.75 | 4.20 | 3.90 |
| Q4 2024 | 5.00 | 5.15 | 3.70 | 4.20 | 3.90 |
| Q1 2025 | 4.75 | 4.80 | 3.60 | 4.20 | 3.90 |
| Q2 2025 | 4.25 | 4.30 | 3.50 | 4.20 | 3.90 |
| Q3 2025 | 4.00 | 4.10 | 3.50 | 4.20 | 3.90 |
| Q4 2025 | 3.75 | 3.80 | 3.40 | 4.20 | 3.90 |
| Q1 2026 | 3.50 | 3.50 | 3.30 | 4.20 | 3.90 |
| Q2 2026 | 3.25 | 3.25 | 3.30 | 4.20 | 3.95 |
| Q3 2026 | 3.00 | 3.05 | 3.30 | 4.20 | 3.95 |

For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 4.8%, and that new long-term loans will be borrowed at an average rate of 4.7%.

3.0 Current Treasury Portfolio

The Council's treasury portfolio as at 31st December 2023 was as follows:

Table 2: Current Treasury Portfolio

| | Principal £m | Interest rate % |
|--------------------------------|--------------|-----------------|
| Investments: | | |
| Call accounts | 3.0 | 5.14 |
| Money market funds | 12.0 | 5.30 |
| Short-term deposits | 5.0 | 5.21 |
| Long-term deposits | 0.0 | n/a |
| Total Investments | 20.0 | |
| Borrowing: | | |
| Short-term loans | 13.0 | 5.44 |
| Long-term PWLB loans (fixed) | 279.8 | 4.45 |
| Long-term market loans (LOBOs) | 18.9 | 4.53 |
| Other Government loans | 4.2 | 0.00 |
| Total Borrowing | 315.9 | |
| Net Borrowing | 295.9 | |

4.0 Local Context

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

Table 3: Balance Sheet Summary and Forecast

| | 31.3.23 Actual £m | 31.3.24 Estimate £m | 31.3.25 Estimate £m | 31.3.26 Estimate £m | 31.3.27 Estimate £m |
|--|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Council Fund Capital Financing Requirement (Borrowing only) | 219 | 229 | 243 | 252 | 264 |
| Housing Revenue Account Capital Financing Requirement (Borrowing only) | 134 | 133 | 139 | 142 | 144 |
| Capital Financing Requirement (Borrowing only) | 353 | 362 | 382 | 394 | 408 |
| Less: Current ST borrowing | (12) | (302) | (294) | (288) | (282) |
| Less: Current LT borrowing | (295) | | | | |
| Funding Required | 46 | 60 | 88 | 106 | 126 |
| Less: Usable reserves | (107) | (72) | (65) | (59) | (57) |
| Adj: Working capital | 27 | 10 | 10 | 10 | 10 |
| Investments / (New borrowing) | 34 | 2 | (33) | (57) | (79) |

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

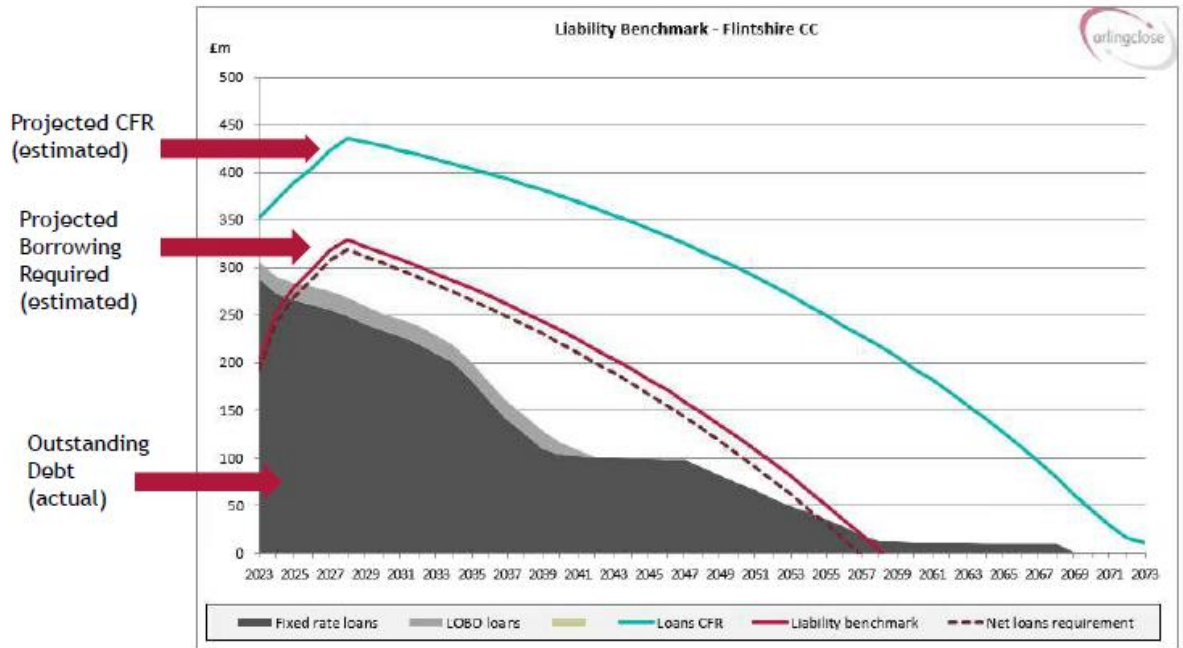
Table 3 shows the Council's CFR increases during 2024/25, this is linked with the capital programme (examples of schemes funded by borrowing include the Sustainable Communities for Learning schools programme, redevelopment of Croes Atti Residential Care Home and the HRA capital programme, which includes building new social housing). The level of reserves the Council has is expected to fall in 2023/24 as funding earmarked for specific purposes falls due for payment. The combination of the increase in capital expenditure and a reduction in reserves, results in a sustained requirement for new borrowing over the medium term.

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

The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future,

and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Table 4: Liability Benchmark - Flintshire County Council (December 2023)



The graph in Table 4 shows the Council’s anticipated liability benchmark over the next 50 years, being the net requirement for borrowing after considering resources available from reserves and working capital. The rise in the liability benchmark corresponds with the need to borrow to fund the increase in capital expenditure described above. The strategy in 2024/25, the same as in previous years, is to ensure that any new borrowing undertaken does not exceed the liability benchmark and cause the council to borrow more than it needs.

Budget implications

The budget for investment income in 2024/25 is £1.6m, based on an average investment portfolio of £33.6m at an average interest rate of 4.8%. The budget for interest on long-term loans in 2024/25 is £14.4m, based on long-term loans of £327m at an average interest rate of 4.51%. The budget for interest on short-term loans is £1.4m based on an average borrowing over recent years. Interest paid will be apportioned between the Council Fund and the HRA. If levels of investments, borrowing and interest rates differ from those forecast, performance against budget will be correspondingly different.

5.0 Borrowing Strategy

As at 31st December 2023, the Council held £302.9m of long-term loans, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in section 4 shows that the Council expects to need to undertake new borrowing during 2024/25.

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

The Council's capital expenditure plans will continue to be monitored throughout 2024/25 to inform and confirm the Council's long-term borrowing need (figures in section 4 are an estimate). This is to ensure that the Council does not commit to long-term borrowing too early and borrow unnecessarily which will be costly. The use of short-term borrowing will assist with such. This will be balanced against securing low long term interest rates currently being forecast.

Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. Short-term interest rates are currently at a 15-year high but are expected to fall in the coming years and it is therefore likely to be more cost effective over the medium-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Council is able to reduce net borrowing costs (despite forgone investment income) and reduce overall treasury risk, credit risk as a result of bail-in legislation in particular. The benefit of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when the long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2024/25 with a view to keeping future interest costs low, even if this causes additional costs in the short-term.

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

Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would

enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

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

Sources of borrowing

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

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

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

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback
- WG Mutual Investment Model
- similar asset based finance

Municipal Bonds Agency:

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

LOBOs

The Council holds £18.95m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBOs have options during 2024/25, and with interest rates having risen recently, there is now a

good chance that lenders will exercise their options. If they do, the Council will take the option to repay LOBO loans to reduce refinancing risk in later years.

Short-term and Variable Rate loans

As at 31st December 2023, the Council held £13m short term (temporary) loans.

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

Debt Rescheduling

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

Planned borrowing strategy for 2024/25

The Corporate Finance Manager will:

- Manage the Council's debt maturity profile, i.e., to leave no one future year with a high level of repayments that could cause problems in re-borrowing with the limits stated in this Strategy Statement. Appendix A analyses the debt portfolio of the Council as at 31st December 2023.
- Effect any borrowing that may be required in 2024/25 at the cheapest cost commensurate with future risk based on interest rate forecasts.
- Monitor and review the level of variable interest rate loans in order to take greater advantage of interest rate movements, within the limits stated in this Strategy.
- Continue to monitor options for debt-restructuring and debt re-payment.

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

6.0 Treasury Investment Strategy

The Council holds surplus funds, representing income received in advance of expenditure, plus balances and reserves held. In the past 12 months, the Council's treasury average investment balance was £43.9m with similar or slightly lower levels expected to be maintained in the forthcoming year.

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

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

Strategy

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

ESG policy:

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

Investment criteria and limits

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

Table 5: Treasury investment counterparties and limits

This table must be read in conjunction with the notes below.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risk assessment and credit ratings

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

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

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

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

Reputational aspects: The Council is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.

Other information on the security of investments

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

When deteriorating financial market conditions affect the creditworthiness of all organisations, as in 2008, 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of "high credit quality" are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office for example, or with other local

authorities. This will cause investment returns to fall but will protect the principal sum invested.

Specified investments

The WG Guidance defines specified investments as those:

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

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

Non-Specified Investments

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

Table 6: Non-Specified Investment Limits

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

Foreign countries

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

Liquidity management

The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis, with receipts under-estimated and payments over-

estimated to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium term financial plan and cash flow forecast.

Business models

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

7.0 Treasury Management Prudential Indicators

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

Interest rate exposures

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

| Interest rate risk indicator | 2024/25 £m | 2025/26 £m | 2026/27 £m |
|--|-----------------------|-----------------------|-----------------------|
| Estimate of one-year revenue impact of a 1% rise in interest rates | (0.274) | (0.236) | (0.217) |
| Estimate of one-year revenue impact of a 1% fall in interest rates | 0.421 | 0.426 | 0.407 |

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

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

Maturity structure of borrowing

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

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

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

Long-term treasury management investments:

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

| Price risk indicator | 2024/25 | 2025/26 | 2026/27 |
|---|---------|---------|---------|
| Limit on total principal invested beyond year end | £5m | £5m | £5m |

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

Borrowing limits

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

| | 2024/25 | 2025/26 | 2026/27 |
|--|-------------|-------------|-------------|
| Operational boundary – borrowing | £410m | £425m | £443m |
| Operational boundary – other long-term liabilities | <u>£75m</u> | <u>£74m</u> | <u>£72m</u> |
| Operational boundary – TOTAL | £485m | £499m | £515m |
| Authorised limit – borrowing | £485m | £499m | £515m |
| Authorised limit – other long-term liabilities | <u>£35m</u> | <u>£35m</u> | <u>£35m</u> |
| Authorised limit – TOTAL | £520m | £534m | £550m |

8.0 Other Matters

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

Financial derivatives:

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

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

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

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

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

Policy on Apportioning Interest to HRA

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

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

Markets in Financial Instruments Directive

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

Welsh Government Guidance

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

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

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

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

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

Capacity and skills training

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

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

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

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

The Council ensures that those negotiating deals are aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate.

Investment of Money Borrowed in Advance of Need

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

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

The total amount borrowed will not exceed the authorised borrowing limit of £520 million. The maximum period between borrowing and expenditure is expected to be two years, although the Council is not required to link particular loans with particular items of expenditure.

Climate change

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

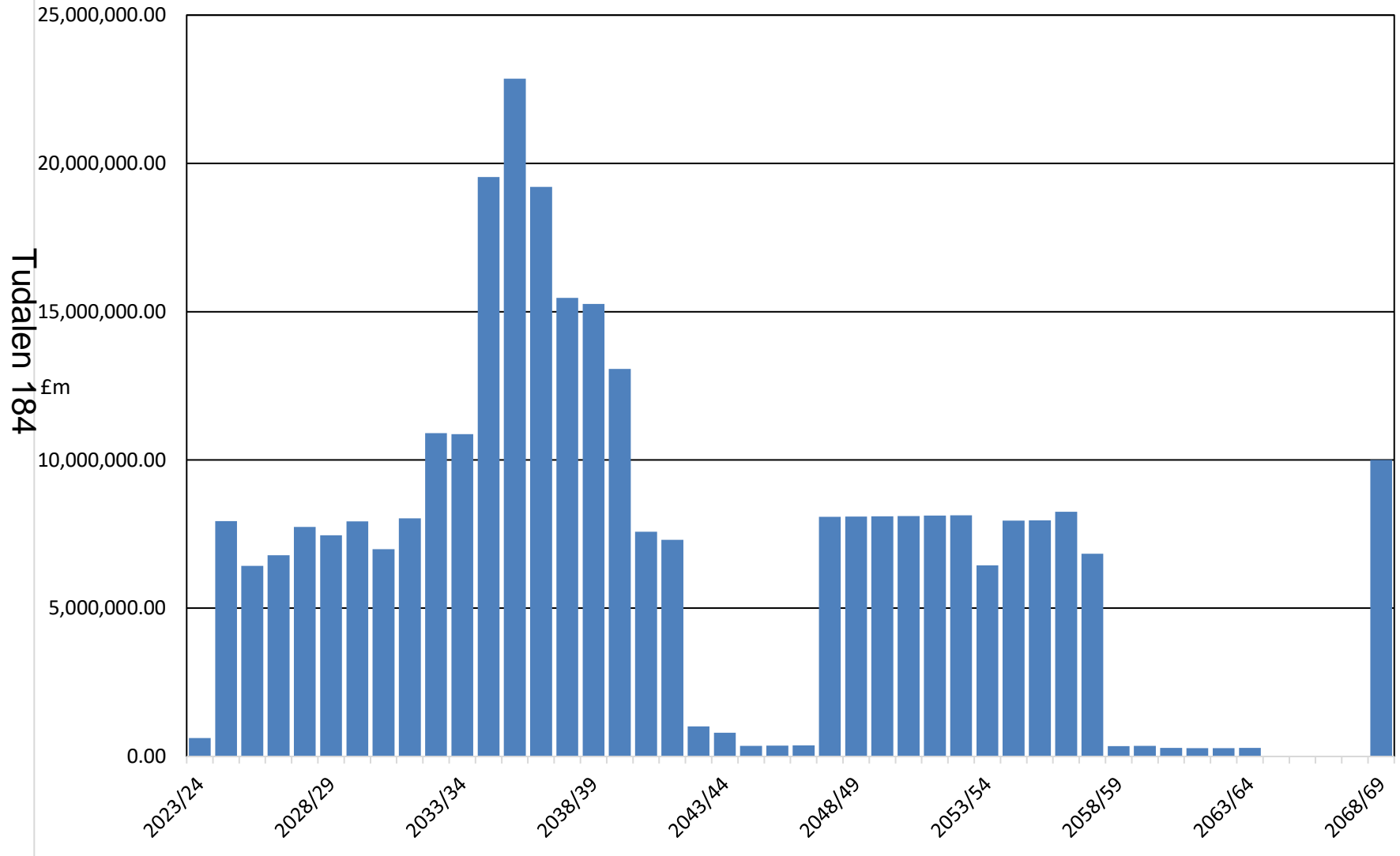
Other Options Considered

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

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

APPENDIX A – DEBT MATURITY PROFILE

Debt Maturity Profile - December 2023



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

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

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

Loans to Wholly Owned Subsidiaries

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

Contribution

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

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

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

Controls and Limits

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

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

NEW Homes is a company limited by shares, wholly owned by the Council (1 at £1 par value), established under section 95 of the Local Government Act 2003. The

Council has a high level of control over NEW Homes as the single shareholder, approving:

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

Table B1: Loan limits

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

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

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

Liquidity

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

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

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

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

Yield (net profit)

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

Investment Properties

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

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

Contribution

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

Security

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

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

Table B2: Fair Value of Investment Properties

| | 31.3.2023 £m | 31.3.2022 £m | 31.3.2021 £m | 31.3.2020 £m | 31.3.2019 £m | 31.3.2018 £m |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Fair Value Inv. Properties | 28.8 | 27.6 | 25.2 | 25.0 | 25.2 | 25.2 |

Liquidity

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

Yield (net profit)

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

Table B3: Proportionality of Investment Properties

| | 2022/23 Actual £m | 2023/24 Budget £m | 2024/25 Budget - Estimated £m |
|-----------------------|-------------------------|-------------------------|--|
| Net Revenue Budget | 326.683 | 352.121 | 357.681 |
| Net Investment income | 1.67 | 1.65 | 1.65 |
| Proportion | 0.51% | 0.47% | 0.46% |

FLINTSHIRE COUNTY COUNCIL - INVESTMENT PORTFOLIO

At 31st December 2023

APPENDIX 2

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| Counterparty Name | Amount Invested £m | Start Date | Maturity Date | Interest Rate | Investment Interest £ | Type of Investment | Period to Maturity |
|---|-----------------------|------------|---------------|---------------|--------------------------|--------------------|--------------------|
| DEBT MANAGEMENT OFFICE | 5.0 | 06/12/23 | 06/06/24 | 5.21% | 130,607 | UK GVT | 3 months + |
| DEBT MANAGEMENT OFFICE | 5.0 | | | | | | |
| AVIVA INVESTORS | 4.0 | 01/04/23 | 31/01/24 | 5.36% | 179,156 | MMF | 1 month or less |
| AVIVA INVESTORS | 4.0 | | | | | | |
| BNP PARIBAS SECURITIES | 4.0 | 01/04/23 | 31/01/24 | 5.33% | 178,153 | MMF | 1 month or less |
| BNP PARIBAS SECURITIES | 4.0 | | | | | | |
| HSBC STERLING ESG FUND | 4.0 | 01/04/23 | 31/01/24 | 5.20% | 173,808 | MMF | 1 month or less |
| HSBC STERLING ESG FUND | 4.0 | | | | | | |
| LLOYDS BANK | 3.0 | 01/04/23 | 31/01/24 | 5.14% | 128,852 | UK BANK | 1 month or less |
| LLOYDS BANK | 3.0 | | | | | | |
| TOTALS | 20.0 | | | 5.25% | 790,577 | | |
| PREVIOUS REPORTS TOTALS (30th September 2023) | 33.0 | | | 5.08% | 959,065 | | |
| PREVIOUS YEARS REPORTS TOTALS (31st December 2022) | 28.4 | | | 3.22% | 519,554 | | |

FLINTSHIRE COUNTY COUNCIL - INVESTMENTS SUMMARISED BY TYPE & MATURITY

At 31st December 2023

APPENDIX 2

Tudalen 190

| 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 | 25% | | | 5.0 | |
| UK Bank | 3.0 | 15% | 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) | 12.0 | 60% | 12.0 | | | |
| Total (£) | 20.0 | | 15.0 | 0.0 | 5.0 | 0.0 |
| Total (%) | | 100% | 75% | 0% | 25% | 0% |

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FLINTSHIRE COUNTY COUNCIL - SHORT TERM BORROWING

At 31st December 2023

APPENDIX 4

| Counterparty Name | Amount Borrowed £m | Start Date | Maturity Date | Interest Rate | Interest due £ | Brokerage due £ | Period to Maturity |
|---|-----------------------|------------|---------------|---------------|-------------------|--------------------|--------------------|
| GREATER MANCHESTER COUNCIL | 5.0 | 26/10/23 | 26/01/24 | 5.50% | 69,315 | 1,260 | 1 month or less |
| GREATER MANCHESTER COUNCIL | 5.0 | | | | | | |
| SWANSEA COUNCIL | 5.0 | 26/10/23 | 29/02/24 | 5.35% | 92,342 | 1,726 | 1 - 3 months |
| SWANSEA COUNCIL | 5.0 | | | | | | |
| WEST DUNBARTONSHIRE COUNCIL | 3.0 | 19/12/23 | 19/01/24 | 5.50% | 14,014 | 255 | 1 month or less |
| WEST DUNBARTONSHIRE COUNCIL | 3.0 | | | | | | |
| TOTAL | 13.0 | | | 5.44% | 175,671 | 3,241 | |
| PREVIOUS REPORTS TOTALS (30th September 2023) | 0.0 | | | 0.00% | 0 | 0 | |
| PREVIOUS YEARS REPORTS TOTALS (31st December 2022) | 0.0 | | | 0.00% | 0 | 0 | |

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SHORT TERM BORROWING SUMMARISED BY TYPE & MATURITY

At 31st December 2023

APPENDIX 4

| 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 | 13.0 | 100% | 8.0 | 5.0 | | |
| Total (£) | 13.0 | | 8.0 | 5.0 | 0.0 | 0.0 |
| Total (%) | | 100% | 62% | 38% | 0% | 0% |

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GOVERNANCE AND AUDIT COMMITTEE

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

EXECUTIVE SUMMARY

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

RECOMMENDATIONS

| | |
|---|------------------------------------|
| 1 | To consider and accept the report. |
|---|------------------------------------|

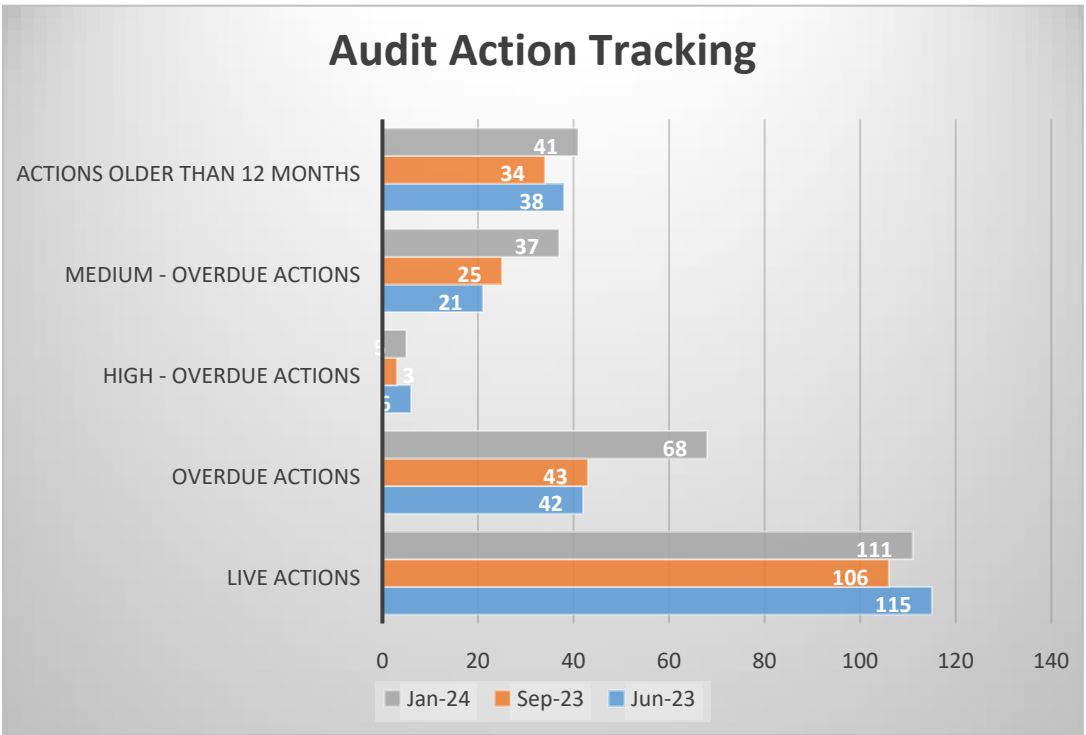
REPORT DETAILS

| | |
|-------------|---|
| 1.00 | EXPLAINING THE INTERNAL AUDIT PROGRESS REPORT |
| 1.01 | Internal Audit gives a progress report to the Governance and Audit Committee every quarter as part of the usual reporting process. The report is divided into several parts. |
| 1.02 | The level of audit assurance for standard audit reviews is detailed within Appendix A. All reports finalised since the last committee meeting are shown in Appendix B. |
| 1.03 | Appendix C provides an oversight to Governance & Audit Committee on the cumulative assurance for 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 report on progress to committee there has been two Amber Red / Some Assurance reports (Strategic Core Funding and Disclosure and Barring Service Checks). Appendix D details the Amber Red reports. Copies of all final reports are available for members if they wish to see them.

1.05 The automated tracking of actions is completed through the use of 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 constant however there has been an increase in number of actions overdue this reporting period. Further analysis of overdue actions is detailed in Appendix E.

Appendix F shows those High and Medium priority actions which are overdue and G lists high and medium actions that are older than six months from the original due date and not overdue.

1.06 Appendix H shows the status of current investigations into alleged fraud, irregularities or concerns raised. There are no ongoing investigations.

1.07 Appendix I shows the range of performance indicators for the department.

Overall performance remains positive within the team. There are three PIs off target.

- Time taken to complete reviews
- Time taken to issue of draft report following debrief meeting
- Number of client questionnaires returned.

| | |
|-------------|---|
| 1.08 | <p>Appendix J 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 respond to the increased risk of budget overspend and defer some audits due to a reduction in resources due to vacancies for two full time positions of Principal Auditor and Senior Auditor. Movement within the plan is detailed within Appendix J however in summary the following changes have been made:</p> <p>New Reviews (Advisory)</p> <ul style="list-style-type: none"> • Challenge review of in Year Overspends <p>Deferred Audits</p> <ul style="list-style-type: none"> • Cyclical Property Valuations • Fixed term and permanent exclusions (provisional)] • Risk Management • Procurement • Data Protection • Maes Gwern Follow Up • Temporary Accommodate Follow Up • Treasury Management |
| 2.00 | RESOURCE IMPLICATIONS |
| 2.01 | None |

| | |
|-------------|---|
| 3.00 | CONSULTATIONS REQUIRED / CARRIED OUT |
| 3.01 | None required. |

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

| | |
|-------------|---|
| 5.00 | APPENDICES |
| 5.01 | <p>Appendix A Levels of Audit Assurance</p> <p>Appendix B Final Reports Issued</p> <p>Appendix C Audit Assurance Summary 2023/24</p> <p>Appendix D Amber Red Assurance Reports</p> <p>Appendix E Action Tracking – Portfolio Statistics</p> <p>Appendix F High & Medium Overdue Actions (including actions older than 6 months if overdue)</p> <p>Appendix G Actions older than six months from original due date and not overdue</p> |

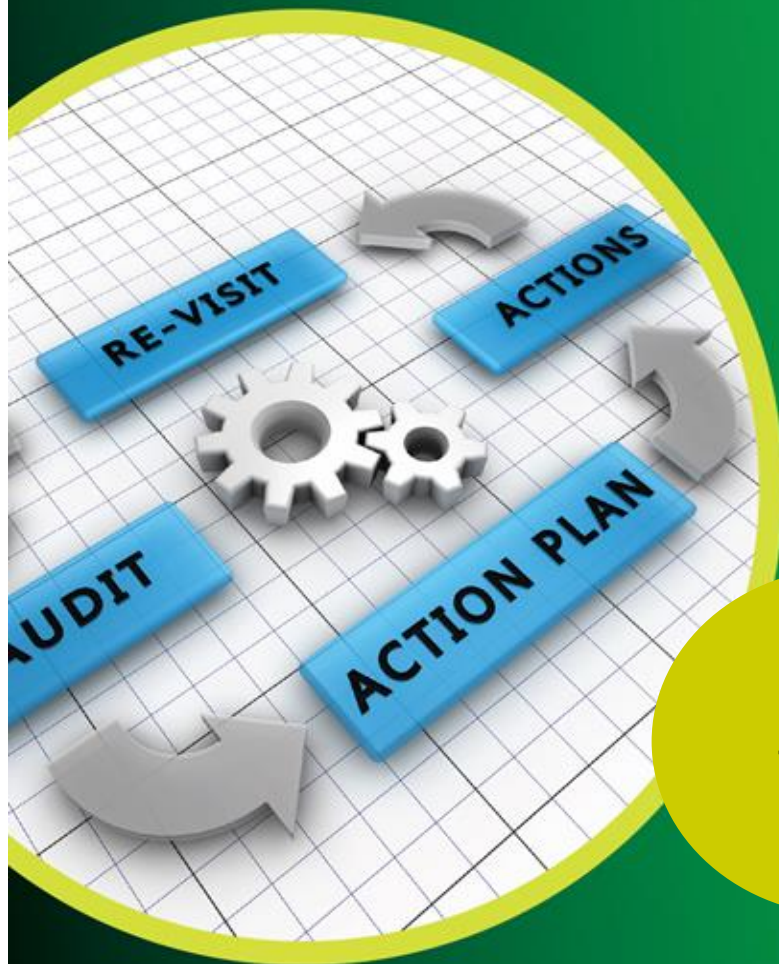
| | | |
|--|------------|------------------------------|
| | Appendix H | Investigation Update |
| | Appendix I | Performance Indicators |
| | Appendix J | Operational Plan and 2023/24 |

| | | |
|-------------|--|--|
| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS | |
| 6.01 | Contact Officer: | Lisa Brownbill, Internal Audit, Performance and Risk Manager |
| | Telephone: | 01352 702231 |
| | E-mail: | Lisa.brownbill@flintshire.gov.uk |

| | | |
|-------------|---|--|
| 7.00 | GLOSSARY OF TERMS | |
| 7.01 | <p>Audit Wales: works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.</p> <p>Corporate Governance: the system by which local authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes.</p> <p>Operational Plan: the annual plan of work for the Internal Audit team.</p> | |

Flintshire Internal Audit

Progress Report



January
2024

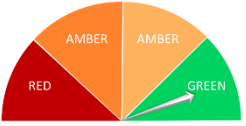
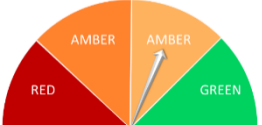
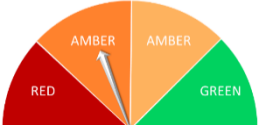
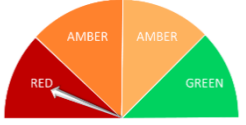
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| | |
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| Final Reports Issued Since Last Committee..... | Appendix B |
| Audit Assurance Summary..... | Appendix C |
| Amber Red Reports Issued | Appendix D |
| Action Tracking – Portfolio Statistics..... | Appendix E |
| High & Medium Actions Over Due..... | Appendix F |
| Actions with a Revised Due Date Six Months Beyond Original Due Date.... | Appendix G |
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| Internal Audit Operational Plan 2023/24..... | Appendix J |

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

Final Reports Issued

Appendix B

The following reports and advisory work have been finalised since the last Governance and Audit Committee. Action plans are in place to address the weaknesses identified.

| Project Reference | Portfolio | Project Description | Audit Type | Level of Assurance | New Actions | | |
|-------------------|-----------|---|---------------|--------------------|-------------|-----|-----|
| | | | | | High | Med | Low |
| 21-2023/24 | P&R | Accounts Payable (AP) & P2P | Risk Based | Green | 0 | 1 | 2 |
| 15-2023/24 | P&R | Additional Pay Policy Review | Risk Based | Amber Green | 1 | 1 | 2 |
| 17-2022/23 | CE | Strategic Core Funding | Risk Based | Amber Red | 1 | 1 | 2 |
| 07-2023/24 | P&R | Disclosure and Barring Service (DBS) Checks | Risk Based | Amber Red | 4 | 2 | 2 |
| AC 09-2023/24 | CE | Integrated Impact Assessments | Advisory | Advisory | 0 | 0 | 0 |
| AC07-2023/24 | GOV | Review of Risk Registers | Advisory | Advisory | 0 | 0 | 0 |
| AC06-2023/24 | GOV | Review of Risk E Learning Module | Advisory | Advisory | 0 | 0 | 0 |
| AC11 2023/24 | E&Y | Youth Justice Service - Capacity & Complexity | Advisory | Advisory | 0 | 0 | 0 |
| AC13-2023/24 | S&T | Fleet Contract Risks | Advisory | Advisory | 0 | 0 | 0 |
| INV 02-2023/24 | SS | Loss of Petty Cash | Investigation | Investigation | 0 | 0 | 0 |

Audit Assurance Summary for 2023/24

Appendix C

Tudalen 203

| 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 | | | | | 2 | 2 | | | | |
| Housing & Community | | | 1 | | 1 | 2 | | 1 | 1 | 2 |
| People & Resources | | 1 | 2 | 1 | | 4 | 5 | 5 | 7 | 17 |
| Planning, Environment & Economy | | | 1 | | | 1 | | 1 | 1 | 2 |
| Social Services | | | | | | | | | | |
| Streetscene & Transportation | | | | | | | | | | |
| Cross Cutting Portfolio's | | | | | | | | | | |
| External | | | 1 | | 2 | 3 | | 1 | 2 | 3 |
| Total | 0 | 3 | 7 | 1 | 8 | 19 | 6 | 16 | 19 | 41 |

| Footnote: | |
|-----------------------------|---|
| Red Assurance: | |
| Amber Red Assurance: | School Funding - Ty Ffynnon School; Strategic Core Funding; and Disclosure & Barring Service (DBS) Checks |

Strategic Core Funding – Chief Executives –17–2022/23

Tudalen 204

| Areas Managed Well | Areas Identified for Further Improvement |
|--|---|
| <ul style="list-style-type: none"> • A Roles and Responsibilities document had been produced following the Cabinet review that details the role and responsibilities of Officers in the Strategic Office and Sponsoring Officers in relation to Strategic Funding. • Monitoring forms are available to be used by Sponsoring Officers. • Following the November 2021 review, progress has been made against agreed actions and work is currently taking place with the Legal and Procurement teams to define and review grants vs. commissioned services. • There is a tracker in place to monitor the implementation of the actions from the 2021 internal service review. • A new hybrid contract has been drafted which includes scope for social value measures and returns.. | <p><i>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.</i></p> <p><u>Lack of Oversight of the Strategic Funding Payment Process:</u> Grants to third sector organisations are paid through the Voluntary Sector Database (VSD) (AP feeder system) or internal journal transfer (payments to Council services who then pay the third sector organisations directly). The controls and oversight in place are not robust enough within the payment process to ensure payment is only made based on evidenced outcomes / outputs which should be held on the VSD (in accordance with documented process) or payment of funding is in line with approved budget. The VSD, populated by the Strategic Office, holds data around payments to third sector organisations. Sponsoring Officers (located across Council services, are responsible for managing contracts with these organisations) confirm payment of grant funding is appropriate based on the outcome of contract monitoring. Documented processes confirm evidence to support contract monitoring (Monitoring Forms) should be added to the VSD before payment can be authorised by the Strategic Office. Audit testing identified:</p> <ul style="list-style-type: none"> • Sponsoring Officer confirmation that payment of grant funding is appropriate (based on contract monitoring) is not routinely evidenced on the VSD. • Heavy reliance on emails between the Strategic Office and Sponsoring Officers around appropriateness of payment (rather than a more efficient automated process). • No checks carried out to ensure evidence of contract monitoring (Monitoring Forms) are attached to the VSD before payments are authorised. • Lack of service understanding as to why some payments are made via journal transfer. • The checks / reconciliations carried out to ensure payments made to third sector organisations are in line with agreed budget are not robust enough to identify overpayments. • No management reporting is available from the system to allow effective management / oversight of the payment process or ensure ongoing compliance with agreed process. <p>This lack of control has resulted in:</p> <ul style="list-style-type: none"> • An overpayment of £7.2k to one organisation in 22/23 (incorrect first instalment of grant payment). • Lack of management awareness of this overpayment until highlighted by Internal Audit. • Monitoring forms (as required in the documented processes) in place for only 4 of the 15 organisations on the VSD to which grants were paid in 22/23 (email confirmation of appropriateness to pay was in place in the other 11 cases). <p>Without appropriate control and oversight within the payment process (as detailed above) overpayments and other payment errors continuing to be made without detection.</p> <p><u>Agreed Management Actions:</u> There are checks and controls in place, but these are dependent on human action/input. The Strategic Office are responsible for updating the VSD in terms of organisation details and setting up payments but are reliant on the Sponsoring Officers providing information, carrying out and uploading monitoring forms, approving payments, and conducting payment checks. Sponsoring Officers are responsible for checking and approving payments for release (based on their oversight of satisfactory contract performance/monitoring). Authorising Officers provide a second level of control by checking and giving final approval for payment on the VSD. Management oversight of budget and payments is conducted through budget meetings with Finance colleague.</p> |

The over payment has been investigated and resolved. The overpayment has been accepted as early payment for the following year, meaning no financial loss has resulted.

Would agree with Audit findings that there are issues with process, which is reliant on human checks and processing, is disjointed with possible lack of understanding and accountability of roles and responsibilities, and that as such is not providing the right conditions for adequate checks, controls, and oversight.

Action:

Conduct another review of service/function but with focus on the process, controls, and strategic oversight. To include:

- A. Process mapping and improvement work
- B. Review of system (VSD)
- C. Review of roles and responsibilities
- D. Review of payment mechanisms and process
- E. Proposed changes as a result reported, as appropriate.

Due Date 30.04.24

Update of contracts with third sector organisations:

In November 2021 Cabinet agreed funding for individual third sector organisations for a period of 3 years (with an option to extend for 2 years) with new contracts to be agreed with each organisation where necessary.

The contract approach (grant funding v. commissioned service) has been determined for 7 of the 19 organisations in receipt of funding, but whilst a new hybrid contract is currently in development, to date no new contracts have been agreed with third sector organisations due to capacity issues within the team and the requirement for further procurement / legal input.

At the date of audit, contracts (dated pre 2021) were in place for 4 of the 19 organisations supported. Funding is paid to the remaining 15 organisations based on implied contractual terms.

Without up to date, clear contracts which detail agreed outcomes / outputs there is no mechanism for ensuring value for money is received for the funding provided and no assurance organisations are delivering outcomes which align with the Councils strategic priorities and objectives.

Agreed Management Action:

Progressing contractual arrangements with third sector organisations is reliant on Sponsoring Officers. The Strategic Office has provided Sponsoring Officers with the documents they need to complete and action they need to take.

Actions:

- A. Briefing session for Sponsoring Officers to be arranged for autumn 2023. Aim to provide guidance to Sponsoring Officers on what action they need to take and timescales.
- B. Sponsoring Officers to complete the relevant legal forms and undertake any further action required to ensure contracts are in place for all by January 2024

Due Date 31.01.24

Audit reviewed the Roles & Responsibilities document that was produced following the 2021 service review. The document refers to "commissioned services". As per legal advice sought by the Strategic Office grants cannot be awarded for commissioned services (these should follow usual council procurement processes). The language used within the document does not currently reflect the advice provided by the Legal team. The document also refers to the contact details of officers who are no longer in the Strategic Office.

There is a risk that the Roles & Responsibilities document is not up to date and grants may be awarded incorrectly for commissioned services, further that it does not reflect the new process or team structure.

Agreed Management Action:

Roles and Responsibilities document to be updated as part of action identified under Action URN03543 (above)

Due Date 30.04.24

| | |
|--|---|
| | <p>Cabinet approved grant funding for 3 years (with an option to extend for a further 2 years) from April 2022 for 19 third sector organisations following the November 2021 report. Since this initial report was presented no further updates or progress reports have been taken back to Cabinet to demonstrate progress against service objectives or to report on specific contract issues which have arisen (as detailed above). Monitoring of objectives delivered by the organisations has taken place at individual Sponsoring Officer level but there has been no overall oversight and scrutiny of deliverables at a higher level.</p> <p>There is a risk that there has been no overall oversight of progress made against agreed changes to Strategic Funding and overall reporting of objectives/deliverables by the third sector is not taking place to ensure that funding is being used as intended and aligns with the Councils strategic priorities.</p> <p>Agreed Management Action:</p> <p>Actions</p> <p>A. A report will be presented to Cabinet on progress made against the Nov 2021 report early in 2024/25. It will share details on the outcomes/deliverables of strategic funding grant money to ensure that funding presents value and identify next steps.</p> <p>B. Update reports on third sector funding will then be presented to Cabinet periodically (frequency to be agreed)</p> <p>Due Date 30.06.24</p> |
|--|---|

Disclosure and Barring Service (DBS) Checks, People & Resources – 07–2023/24

Tudalen 207

| Areas Managed Well | Areas Identified for Further Improvement |
|---|---|
| <ul style="list-style-type: none"> An up to date DBS policy is in place (October 2021). A contract is in place (October 2021) between the Council and Check Direct to process all DBS checks.. Supplier performance/delivery is in line with contractual expectations. | <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> <p>Non-Compliance for up-to-date DBS checks for all current staff engaged in a regulated activity iTrent holds details of all council employees including employee start dates and job role. The system does not have the functionality to identify which roles require a mandatory DBS check and flag these as part of the establishment. Managers are expected to request DBS checks for new recruits via HR Starter forms which are submitted to ESS. These are processed and once the DBS date is received ESS records it in iTrent.</p> <p>Testing identified records without DBS dates recorded. This suggests either the individual does not require a DBS check; the manager has not provided paperwork to ESS; ESS has not requested the relevant check from Checks Direct; and or ESS has not input the date into iTrent. ESS does not have consistent control in place e.g. exception reporting to highlight these gaps, understand the reason for non-compliance, resolve and prevent re occurrence. There is a risk the corporate record is unreliable, and does not evidence DBS checks are in place for all current staff who are in a position where a DBS is a requirement of the post.</p> <p><i>Agreed Management Action:</i> Review data sets immediately and investigate and address high risk gaps; Review any associated processes which have led to the gaps; and contact other LA's for ideas of good practice. Due Date 30.06.2024</p> <p>Non-Compliance - DBS Renewals Reminders are issued by the iTrent system based on the DBS dates recorded. The iTrent system has a reminder on the staff members dashboard that the Manager also has access to, should they log into the staffs iTrent record 90 days before expiry date. Once the expiry date has passed, the DBS renewal message disappears from the iTrent system. Managers are expected to review the iTrent reminders and request the DBS renewal check either via the checks direct system or through the update service. There is some confusion as to who's responsibility it is to update iTrent when a renewal is processed via the update service and testing proved checks carried out via the update service are not recorded onto iTrent. ESS only complete checks for new staff and Managers for all renewals, all checks carried out via check direct are received by the systems team to upload onto iTrent. Testing identified records without DBS dates recorded. This suggests either the individual does not require a DBS check; the manager has not provided paperwork to ESS; ESS has not requested the relevant check from Checks Direct; and or ESS has not input the date into iTrent.</p> <p>Testing identified 212 Social Services, 206 Aura and 93 Newydd records where DBS checks had not been recorded in iTrent; 29 records in Social Services, 17 in Aura and 2 in Newydd for staff who's DBS check is out of date. ESS does not have consistent control in place e.g. exception reporting to highlight these gaps, understand the reason for non-compliance, resolve and prevent re-occurrence. There is a risk the corporate record is unreliable and does not evidence DBS renewals have been carried out in line with policy & procedures.</p> <p><i>Agreed Management Action:</i> Review data sets immediately and investigate and address high risk gaps; Review any associated processes which have led to the gaps, including use of the update service; and Contact other LA's for good practice ideas. Due Date 30.06.2024</p> <p>Risk Management & Reporting Compliance with a statutory requirement is a key risk for the Council. The Council uses In Phase as its risk management tool. iTrent is the corporate tool for recording and evidencing all DBS checks. The findings above indicate gaps in this data which have not been identified or resolved by ESS/Managers. In terms of risk management we would note the following:</p> |

- There are no risks relating to DBS on the HR risk register / Strategic / operations – although it is a statutory obligation.
- Data extract reports have only been provided to Social Services, Aura and Newydd at their request however there are still DBS checks not carried out or are carried out but not recorded correctly onto Trent in Social Services.
- It is unclear to what extent this applies to the rest of the Council as no data could be provided at the time of the Audit.
- Escalation reporting on DBS compliance is not in place, there is nil reporting to Managers who have staff where checks are expired and yet to be renewed.

There is a risk issues around this statutory obligation may not be visible within the corporate risk management framework. The lack of consistent report means that errors and gaps are not highlighted to the relevant managers to ensure the risk is sufficiently mitigated.

Agreed Management Action:

Service manager to review the risks within the risk register; will review value of report to be provided to other Portfolios based on risk; reports to be generated and provided consistently to Management; ensure Portfolios action the reports as necessary; and define escalation process as part of the workflow. **Due Date 30.06.2024**

Budget Setting and Monitoring

The cost of providing DBS checks is held by HR (NEB111). We reviewed the budget and actual spend for the last three financial years

| Year | Budget | Actual Spend |
|---------|---------|---------------------------|
| 2021/22 | £52,260 | £118,501 |
| 2022/23 | £52,260 | £117,243 |
| 2023/24 | £52,260 | £ 66,056 (as at Period 8) |

A report was presented in 2015 to offer options to address the overspend. This included as part of a review of workforce costs, a consultation exercise to charge new applicants and employees for their DBS checks. Trade Unions had agreed to this. This was not approved. Continued overspend without actions to address the variation is inconsistent with expected budget monitoring control. There are a number of reasons why the budget may be overspent – increase in numbers of DBS checks, duplication of checks, increase in cost of processing. However, we were unable to identify management's analysis of the reasons nor any actions to address / mitigate. The current financial climate is different to that of 2015. Considerations should be made to the future processing costs of DBS checks and how potential savings could be achieved. If the Council intends to continue with the current operating model then a more realistic budget should be identified with pressures highlighted in line with MTFS requirements. There is a risk the current budget management and reporting makes this pressure less visible as a strategic risk.

Agreed Management Action:

Overspend has been highlighted as an issue for several years as an unachieved efficiency and options to charge were considered unpalatable and barrier to recruitment, however we will produce a paper to COT outlining the need for a realistic budget/operating model. **Due Date 31.03.24**

Positive Disclosures are missed and policy is not followed

As part of the DBS policy a procedure exists once a positive disclosure is notified from checks direct. The process is that an electronic notification is issued and once the ESS staff tick the processing box on the checks direct website then the details disappear along with any audit evidence that states it has a positive disclosure. Should the staff member in ESS miss or not follow the procedure for a positive disclosure then nobody would know or be made aware. This could result in a member of staff who has a positive disclosure as detailed by Checks Direct being employed without the positive disclosure being resolved or following the correct process as stated in the policy, which may result in unsuitable employees being in post.

Agreed Management Action:

There is a management report obtainable from Checks Direct, we will review this report monthly to ensure all positive disclosures are addressed and this will be retained for future evidence. **Due Date 29.02.2024**

Procedures / Written Work Instructions

The New starters procedure/written work instruction is in place to provide consistency across the ESS team, part of which details DBS checks. We reviewed the written work instructions and identified it did not clearly state the entire process for adding a DBS check to iTrent; does not identify the actions required to ensure all checks are recorded and any gaps are addressed; roles and responsibilities including updating of iTrent following checks;

and placing reliance on administrative process is not good control and is open to error. The risk is that not all checks carried out are being recorded on iTrent and therefore renewal reminders are not issued and may not be renewed.

Agreed Management Action:

Review workflows within iTrent **Due Date 30.06.2024**

Duplicated DBS Checks and Payments

During testing duplicate checks were found to have been carried out resulting in cost implications for a budget which is overspent. There is no exception reporting carried out to ensure duplicates are not occurring and there are no controls to ensure a check is already in place and therefore another is not required. Instances were found where two individual DBS records were recorded, which would indicate checks are being duplicated. At the time of this review a report was requested from Checks Direct to detail if more than one check has been carried out. Unfortunately, this report has not been received by the time of reporting. Management does not have any other reporting around duplicated DBS checks. There is a risk of duplicate DBS checks being carried out resulting in unnecessary cost to the Council.

Agreed Management Action:

Management obtained a report from Checks Direct and this has been reviewed. Management will continue to receive 'duplicate DBS' reports from Checks Direct on a monthly basis and review and manage all duplicate checks. **Due Date 29.02.2024**

Supplier Management / Performance Information

The ESS team have access to the online Checks Direct system and this provides a dashboard stating the current checks in place. At the time of testing ESS does not receive or request any management information from Checks Direct. In order to support our testing a standard report was generated by Checks Direct and supplied. This included performance indicators: numbers processed, turnaround, and rejection data. This is a useful report which provided assurance to ESS that the service being provided is timely and in line with contractual expectations. There is also potential to use this data to reconcile that all ESS requests have been actioned, all iTrent records have been updated.

Agreed Management Action:

Management information is received from Checks Direct and is used by Management to reconcile all requests have been actioned. **Due Date 30.06.2024**

Action Tracking – Portfolio Performance Statistics

Appendix E

Tudalen 210

| 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 | 1 | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1% | 1 | 0 | 1 |
| People (HR) | 11 | 0 | 7 | 4 | 10 | 0 | 7 | 3 | 14% | 10 | 4 | 6 |
| Resources (Finance) | 12 | 1 | 6 | 5 | 8 | 0 | 5 | 3 | 12% | 5 | 3 | 3 |
| Education & Youth | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0 | 0 | 0 |
| Governance | 8 | 0 | 4 | 4 | 3 | 0 | 2 | 1 | 4% | 7 | 5 | 3 |
| Housing & Communities | 24 | 6 | 11 | 7 | 13 | 3 | 7 | 3 | 19% | 21 | 4 | 14 |
| Planning, Environment & Economy | 6 | 0 | 5 | 1 | 6 | 0 | 5 | 1 | 9% | 2 | 2 | 0 |
| Social Services | 8 | 5 | 3 | 0 | 0 | 0 | 0 | 0 | 0% | 0 | 0 | 0 |
| Streetscene & Transportation | 15 | 5 | 5 | 5 | 8 | 2 | 1 | 5 | 13% | 14 | 4 | 7 |
| External | 5 | 0 | 2 | 3 | 2 | 0 | 1 | 1 | 3% | 2 | 0 | 2 |
| Individual Schools | 21 | 1 | 12 | 8 | 17 | 0 | 9 | 8 | 25% | 3 | 2 | 5 |
| Total | 111 | 18 | 55 | 38 | 68 | 5 | 37 | 26 | 100% | 65 | 24 | 41 |

High and Medium Actions Overdue

Appendix F

| Portfolio | Audit | Ref: | Action | Priority | Original Action Due Date | Revised Due Date | Date of Last Update Provided by Service | Reason for Revised Due Date | Current Status |
|-----------|--|------|--|----------|--------------------------|------------------|---|--|---|
| P&R | Payroll 2017/18-I-Trent not compliant with data protection and GDPR | 2218 | Midland have advised functionality is in place to allow for the removal of all required information to comply with GDPR requirements. Internal testing will be completed to provide assurance over this anticipated functionality. | M | 30-Sep-18 | 12-July-23 | 5-July-23 | The functionality still requires testing, further issues/defects may be found during testing and would need reporting to MHR for their investigation. I have requested 30.04.18 to take into account that possibility. | Discussion 5.7.23: SC to email team to see if this work is now complete, update will be provided as soon as a response is received. Due date extended to 12.05.23 to allow time for team to provide an update. |
| P&R | 20/21 Health & Safety and Wellbeing of Employees: Effective Monitoring and Reporting of Working Time | 3026 | Quarterly reports to be tabled at COT highlighting excessive credit balances on Etarmis / average working hours exceeding Working Time Policy. Caveat to be included highlighting potential data inaccuracies within reports. Individual Chief Officers to det | M | 31-Dec-21 | 31-Aug-23 | 05-July-23 | See follow up notes. Risk not managed. | Discussion 5.7.23: This is a difficult risk to address as we have no ability to report on compliance with the working time directive. The agreed action around reporting from Etarmis will not pick up those employees in schools, social services or Streetscene. SC will need to pick this up with NC again. Potential scope for reporting from Etarmis and then analysing data around those who regularly work overtime - recognising the time and cost implications of this NC may have a view. Recognising that this will require further thought and discussion the due date has been extended to 30.08.23. |

Tudalen 211

| Portfolio | Audit | Ref: | Action | Priority | Original Action Due Date | Revised Due Date | Date of Last Update Provided by Service | Reason for Revised Due Date | Current Status |
|-----------|---|------|--|----------|--------------------------|------------------|---|-----------------------------|--|
| P&R | 2021/22 Use of Agency, Relief, Self Employed & Supply Teachers (including IR35 Compliance): Monitoring off Off-contract placements | 3334 | A piece of work is being undertaken by HR to understand why long-term agency contracts are in place and any barriers to applying to permanent job vacancies. | M | 30-Jun-22 | 31-July-23 | 05-July-23 | Refer to Current Status | <p>Discussion 5.7.23: The work around long term agency workers and barriers to applying for permanent vacancies has now been completed and has resulted in a refreshed Recruitment Policy, which is now live and a revised Agency Workers Policy, which was approved by the Unions last week and will be rolled out by 31.7.23. The new Policy now requires a Business Case to be completed for use of all off Matrix agency staff (as attached) and the terms and conditions of the engagement to be approved by HR.</p> <p>Quarterly reports now go to COT re use of agency staff and staff outside Matrix and these reports are also shared at DMT's. HR business report status but also 'ask' for each engagement to be reviewed.</p> <p>In addition the reports to COT now include more information.</p> <p>Required oversight is now in place.</p> <p>Due date extended to 31.7.23 to allow the Agency Workers Policy to be finalised and made available on the Infonet.</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 | Current Status |
|-----------|--|------|--|----------|--------------------------|------------------|---|-----------------------------|--|
| P&R | 2021/22 Use of Agency, Relief, Self Employed & Supply Teachers (including IR35 Compliance): Robustness of reporting to CROSC | 3335 | Midland have advised functionality is in place to allow for the removal of all required information to comply with GDPR requirements. Internal testing will be completed to provide assurance over this anticipated functionality. | M | 30-Jun-22 | 31-Jul-23 | 05-July-23 | Refer to Current Status | <p>Discussion 5.7.23: The work around long term agency workers and barriers to applying for permanent vacancies has now been completed and has resulted in a refreshed Recruitment Policy, which is now live and a revised Agency Workers Policy, which was approved by the Unions last week and will be rolled out by 31.7.23. The new Policy now requires a Business Case to be completed for use of all off Matrix agency staff and the terms and conditions of the engagement to be approved by HR.</p> <p>Quarterly reports now go to COT re use of agency staff and staff outside Matrix and these reports are also shared at DMT's. HR business report status but also 'ask' for each engagement to be reviewed.</p> <p>In addition the reports to COT now include more information.</p> <p>Required oversight is now in place.</p> <p>Due date extended to 31.7.23 to allow the Agency Workers Policy to be finalised and made available on the Infonet.</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 | Current Status |
|-----------|--|------|--|----------|--------------------------|------------------|---|-----------------------------|---|
| P&R | Human resources supply and demand risks 22/23 - Workforce planning assessments risks have not been addressed | 3402 | Quarterly reports to be tabled at COT highlighting excessive credit balances on Etarmis / average working hours exceeding Working Time Policy. Caveat to be included highlighting potential data inaccuracies within reports. Individual Chief Officers to det | M | 31-Mar-23 | 31-Aug-23 | 05-July-23 | Refer to Current Status | Discussion 5.7.23: LGA workforce planning training has recently been delivered to HR staff, and to Chief Officers at themed COT on 15.7.23. SC and NC now need to reflect and agree a workforce planning framework going forward, the due date will need to be extended to 31.8.23 to allow time to develop this framework. The LGA recommends that going forward workforce development is a service responsibility and should be carried out alongside business planning. Workforce Development template will need to be developed to facilitate this. |

| Portfolio | Audit | Ref: | Action | Priority | Original Action Due Date | Revised Due Date | Date of Last Update Provided by Service | Reason for Revised Due Date | Current Status |
|-----------|---|------|--|----------|--------------------------|------------------|---|-----------------------------|--|
| P&R | Human Resources Supply and Demand Risks 22/23- the exit interview process is not adequate to assess key reasons why people are leaving to assist with the identification of process improvements or retention strategies. | 3407 | A piece of work is being undertaken by HR to understand why long-term agency contracts are in place and any barriers to applying to permanent job vacancies. | M | 30-Jun-22 | 31-Aug-23 | 05-July-23 | Refer to Current Status | Discussion 5.7.23: Issues discussed with COT and they do not see the need for exit interviews, considering it is enough to just send out questionnaires. SC does not agree with this and still thinks exit interviews should be offered to staff who are leaving (recognising that exit interviews are not appropriate in all circumstances). Agreement has been reached however on the approach to exit questionnaires. Going forward these need to be sent out by Employment Services to all leavers as this is the only way the Council can be assured they are routinely issued and are able to view return rates. The questionnaire is currently in the process of being developed and SC anticipates it should be ready for use from 30.08.23. |
| P&R | 22/23 Payroll - Pay Advances | 3487 | The service has started the process in producing an Advanced Payment policy which will include defined controls for the review and approval of pay advances. The service will also produce and issue pay advance guidance to all service areas to assist with | M | 31 Mar 23 | 31-Aug-23 | 05-July-23 | Refer to Current Status | Discussion 5.7.23: The new Underpayment / Overpayment Policy is now in draft and with John Griffiths who will add content around Advance Payments. SC considers the revised policy should be finalised and implemented by 31.8.23. Due date revised to reflect this. |

| Portfolio | Audit | Ref: | Action | Priority | Original Action Due Date | Revised Due Date | Date of Last Update Provided by Service | Reason for Revised Due Date | Current Status |
|-----------|--|------|---|----------|--------------------------|------------------|---|---|---|
| FIN | Main Accounting AP&P2P- Payment invoices process are not aligned to regulatory requirements | 2621 | Council no longer publish this data but it is available and from 2019/20 it will be included in the Key Performance Indicators reported as part of the MTFS. | M | 30-Sept-19 | 31-July-23 | 06-June-23 | Update 6.6.23: Amend date to 31st July. I will assess the risk of noncompliance and either 1) accept the risk and close action down or b) have a look for an appropriate part of the Council website where we can show it | Update 6.6.23 (emailed to SG 31.7.23): Amend date to 31st July. I will assess the risk of noncompliance and either 1) accept the risk and close action down or b) have a look for an appropriate part of the Council website where we can show it |
| FIN | 20/21 Collaborative Planning: The Financial Procedure Rules are not clear on the requirement to use CP and also reference a set of procedures which have not been formalised | 3038 | Management is confident that other controls are in place and there is no wider risk to the Council's budget monitoring processes In relation to this specific scope and review: Finance will produce a formal procedure to compliment the already available CP user guide and advice from accounts. A reminder of roles and responsibilities will be communicated to budget holders and will be made available on the Finance infonet page | M | 30-Jun-21 | 31-Jul-23 | 06-June-23 | Update 6.6.23: Amend date to 31 July and will be actioned | Update 16.1.23: discussed at the Masterpiece Project Team Group so can the date be moved to 31/03/23 please? |

| Portfolio | Audit | Ref: | Action | Priority | Original Action Due Date | Revised Due Date | Date of Last Update Provided by Service | Reason for Revised Due Date | Current Status |
|-----------|--|------|---|----------|--------------------------|------------------|---|--|--|
| FIN | Financial Management Accounting 22/23 • Budget monitoring procedures are high level leading to inconsistencies in approach by the principal accountants. | 3446 | Finance to issue a reminder to all chief officer and principal accounts setting out the expectations in relation to the monthly finance monitoring procedures. This will include: Any known significant budget pressures to be escalated immediately by Chief Officers to the Corporate Finance Manager and Chief Executive and reported within the next Budget Monitoring Report. Any appropriate mitigating actions will be considered and included within the report. Chief Officers to update financial risks in Portfolio Risk Registers as part of the monthly reviews. Method Statements to be updated by the principal accountants in-year as soon as pressures or efficiencies are identified for consideration within the MTFS . More detailed documented procedures will be developed to ensure consistency of approach. | M | 31-Mar-23 | 31-July-23 | 31-Jul-23 | Update 6.6.23: Amend to 31st July - this will be actioned in conjunction with first detailed monitoring report | Update 31.7.23: Although no specific reminder has been issued, Management Accounting finance teams have worked with portfolio/service Budget Holders and SMTs in relation to the Interim Budget Monitoring Report and subsequent Month 3 Report. |

| Portfolio | Audit | Ref: | Action | Priority | Original Action Due Date | Revised Due Date | Date of Last Update Provided by Service | Reason for Revised Due Date | Current Status |
|-----------|--|------|--|----------|--------------------------|------------------|---|---|---|
| FIN | Financial Management Accounting 22/23- Quarterly Breach Reporting is not adequate or effective | 3447 | The Quarterly Breaches Log to be revised for 2022/23 and incorporate more detailed information about the specific breach. This information to be analysed to assess trends, root cause analysis and evidence improvement. This will also be addressed by early dialogue between Corporate Finance and the relevant Chief Officer regarding the specific breach to minimise future risks. | M | 31-Mar-23 | 31-Jul-23 | 31-Jul-23 | Update 6.6.23: Amend to 31st July and this will be actioned for 2023/24 reporting | Update 31.7.23: The quarterly breaches report will be made more specific to actual instances in 2023/24, rather than generalise on a particular weakness or risk e.g. budget monitoring meetings not held due to manager not being available. The actual service area will be specified for appropriate follow up by Chief Officer. |
| FIN | 22/23 General Ledger: No feedback process to support retrospective monthly checks on journals | 3578 | Monthly checks of manual journals carried out by the Financial Systems team will be escalated to the Strategic Finance Manager – Capital, Technical and Financial Systems and the Strategic Finance Manager - Management Accounting to ensure issues identified are appropriately addressed with relevant members of the finance team. | M | 30-Sep-23 | - | - | No Update Provided | No Update Provided |

| Portfolio | Audit | Ref: | Action | Priority | Original Action Due Date | Revised Due Date | Date of Last Update Provided by Service | Reason for Revised Due Date | Current Status |
|-----------|---|------|---|----------|--------------------------|------------------|---|---|--|
| GOV | Data Protection 21/22-Portfolio action plans have not been drafted to address areas of underperformance. | 3314 | Chief Officers to manage data protection compliance within their portfolios. Chief officers to investigate root causes for non-compliance and identify a number of actions to achieve compliance with the minimum tolerance level (80%). Recognising it may take time for portfolios to achieve 80%, improvements will be incremental with 80% compliance to be achieved by a deadline specified by the Chief Officer in their remedial plan. Reporting to continue to be produced to measure portfolio performance against minimum tolerance level highlighting the risk of ICO enforcement / penalty. The above process to be discussed and agreed with Chief Officers. | M | 31-Oct-22 | | 05-Dec-23 | Refer to Current Status | <p>A regular report to COT is in place for all service requests and the performance against these requests. This is discussed and where necessary action taken away by the relevant COs.</p> <p>* Audit are missing evidence in relation to remedial/action plan to achieve compliance with minimum tolerance levels. This report just shows how we are failing to achieve targets, there is no evidence to show how this risk will be addressed. This action cannot be closed down without further evidence.*</p> |
| GOV | 22/23 Corporate Complaints: Portfolios must ensure the correct officers attend the PSOW training on complaints. | 3415 | <p>CS will remind COT of their responsibility to ensure their senior managers have attended and to check for training gaps in their managers and staff who deal with complaints regularly.</p> <p>A training package on the Council's internal complaints process and system has been developed. This will compliment PSOW training</p> <p>The Council's training will be rolled out across the organisation. This will begin by 30/6/23</p> | M | 30-Jun-23 | 31-Dec-23 | 05-Dec-23 | Due to demand verses resources, we are still rolling out mandatory training to Team Leader level and above. We require more time to target the wider workforce. | <p>Over 60% of team leaders of team leaders and above have attended the PSOW Corporate Complaints training course, a further reminder has recently been sent out. This now business as usual to mop up those who have not been trained.</p> <p>*This has been marked as implemented but no evidence has been provided to show what they say has been completed has been completed. Training evidence is being supplied by Learning and Development, once this is</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 | Current Status |
|-----------|--|------|--|----------|--------------------------|------------------|---|-----------------------------|---|
| | | | | | | | | | has been received, reviewed and added to the system the action can be closed. |
| 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 | 31-July-23 | 16-Jan-24 | Refer to Current Status | Team still awaiting data from Wates to complete the analysis based on the formula set out in the contract. The nature of the formula makes it unlikely that overage will be applicable. |
| 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 | 16-Jan-24 | Refer to Current Status | <p>Documentation provided to Internal Audit on 16.01.2024 as part of this report has not been examined.</p> <p>Data Process Checking owner PC 3159</p> <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> |

| Portfolio | Audit | Ref: | Action | Priority | Original Action Due Date | Revised Due Date | Date of Last Update Provided by Service | Reason for Revised Due Date | Current Status |
|-----------|--|------|---|----------|--------------------------|------------------|---|-----------------------------|---|
| | | | | | | | | | <p>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.</p> <p>2) the average daily interest rate for each day.</p> <p>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.</p> |
| 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 | 16-Jan-24 | Refer to Current Status | <p>Documentation provided to Internal Audit on 16.01.2024 as part of this report has not been examined.</p> <p>Payment schedule attached / process owner CT & 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</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 | Current Status |
|-----------|--|------|--|----------|--------------------------|------------------|---|-----------------------------|--|
| | | | | | | | | | <p>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 actual amount expected, which reduces the overpayment to £17,610. This is the amount Wates are stating is for late interest payments.</p> |
| H&C | SARTH Follow Up 2019/20 - Applicant reviews are not being carried out on a regular basis | 3009 | <p>Management Response</p> <p>There have been significant resource issues within the Housing Register Team which have posed challenges in terms of service capacity and staff continuity. The periodic review process has therefore fallen behind. This will now be progressed and become routine within the teams approach to register management. Embedding the review process within the Housing Register Team's routine activity and exploring</p> | M | 31-July-21 | 31-July-23 | 26-May-23 | Refer to Current Status | <p>Request to revise due date to end July 2023 to allow time for the Steering Group meeting to take place. This change is being discussed at our Steering Group meeting next month.</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 | Current Status |
|-----------|-------|------|---|----------|--------------------------|------------------|---|-----------------------------|----------------|
| | | | <p>opportunities for utilising technology to create efficiencies within this process are welcomed suggestions and had been on management's radar for areas of service improvement for the Housing Register Team. Management are eager to explore opportunities to embrace technology for processes linked to Housing Register, but also mindful that not all applicants would want to make use of technology for the periodic review process. Striking a balance between efficient processes for the Housing Register Team that make use of technology and support principles of "channel shift" (moving away from telephone contacts as the norm), whilst also retaining a person centred approach will be important when considering the use of technology. Approx. 1 in 4 applicants are "older people" and the use of technology may not be their preferred method of contact.</p> <p>Agreed Actions</p> <p>Embed the periodic review process within routine operational practice of the Housing Register Team.</p> <p>Explore opportunities to use technology such as text, and online engagement to assist with the applications and periodic review process.</p> <p>Ensure robust management oversight of periodic reviews</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 | Current Status |
|-----------|---|------|---|----------|--------------------------|------------------|---|---|--|
| | | | through monthly monitoring reports and a clearly documented process. | | | | | | |
| H&C | SARTH Follow Up 2019/20 - Not all band 1 tenancies have had pre-tenancy checks or landlord references evidenced | 3010 | Review the pre tenancy approach with SARTH Partners to develop a consistent way of undertaking "pre tenancy checks". Clearly document the outcome of any changes to practice and formalise through a documented procedure Develop an internal transfer's procedure for FCC, which picks up on those applicants who are existing FCC tenants, in order to assess their suitability for a move (not housing need, but picking up on arrears and property condition) as well as helping tenants to prepare for a move. Develop a Tenancy Ready / Home Starter Support Matrix which will identify households who may require additional support with setting up home and managing the practicalities of a move in order to target support services at those with greatest support needs | M | 31-Jul-21 | 31-Dec-21 | 11-Jul-22 | Changed responsible officer as requested. Request to revise date to 31/12/21 - new manager re SARTH/Housing Register. Need to develop plan for Homelessness. Revised due date on this basis. have advised these are longstanding. | 7/9/21 - request to revise date to 31/12/21 - new manager re SARTH/Housing Register. Need to develop plan for Homelessness. Revised due date on this basis. have advised these are longstanding. |
| H&C | 21/22 Maes Gwern Contractual arrangements- The Abnormal costs being tracked for the development are not in line with the development agreement. | 3137 | Abnormal costs to be tracked in line with the figure stated in the Development Agreement. Impact to be assessed whether abnormal costs will be met. | M | 29-Oct-21 | 31-July-23 | 16-Jan-24 | Refer to Current Status | Documentation and figures provided to Internal Audit on 16.01.2024 as part of this report have not been examined. Process Owner 3137 HP / PC Re: abnormal costs affecting land value - as discussed and outstanding substantiation awaited |

| Portfolio | Audit | Ref: | Action | Priority | Original Action Due Date | Revised Due Date | Date of Last Update Provided by Service | Reason for Revised Due Date | Current Status |
|-----------|--|------|--|----------|--------------------------|------------------|---|--|---|
| H&C | 21/22 Maes Gwern Contractual arrangements-roles and responsibilities have not been fully defined | 3160 | A full review to be completed by the newly appointed SHARP Project Manager to ensure contractual requirements are being met and roles and responsibilities have been defined | M | 29-Oct-21 | 31-July-23 | 16-Jan-24 | Refer to Current Status | A full review has been delayed awaiting the final completion of the sales data (now complete), the overage calculation (data from the contractor) and the abnormal cost. The completion of the highways adoption and play area remain outstanding but should be finished soon. Revised report February / March 2024 |
| PE&E | Domestic Energy 22/23-SLAs in place with the various areas to which DEEP provides services have not been agreed. | 3380 | A process to be introduced to monitor contracts which are coming up for renewal. All service level agreement to be reviewed and renewed in readiness for the new financial year | M | 31-Dec-22 | 30-June-23 | 23-Aug-23 | Additional action required which will be addressed by the 6 weekly strategic meetings on domestic carbon reduction between the Housing Regeneration service, the HRA Capital Works service and the Climate Change service. | TEAMS with NW 23/8 1. all SLAs have been signed for 23/24. will need to be renewed annually - please provide evidence to simi 2. process to ensure SLAs are reviewed and renewed in good time for future - standing item on agenda and deadlines logged to prompt management action in good time - please provide evidence to simi. |
| PE&E | Domestic Energy 22/23-Health and safety risks relating to the delivery have not been documented or mitigated. | 3386 | A random sample of the efficiencies delivered to be reviewed by the Housing Services team in line with SLA agreement. Evidence of visits and findings to be kept for audit purposes. | M | 31-Dec-22 | 30-Nov-23 | 20-Oct-23 | Due to visits not taking place until June / July | Meeting held with JM to discuss requirements to close action. JM advised site inspection report attached is the document which shows the quality of the work being completed and that risks are managed. Advised need evidence of what percentage of work is being reviewed and requested information for September. Due date will be extended until end of |

| Portfolio | Audit | Ref: | Action | Priority | Original Action Due Date | Revised Due Date | Date of Last Update Provided by Service | Reason for Revised Due Date | Current Status |
|-----------|---|------|---|----------|--------------------------|------------------|---|-----------------------------|----------------------------------|
| | | | | | | | | | November to assist with request. |
| PE&E | 22/23 Houses of Multiple Occupancy: Control reporting is piecemeal and not seamless. | 3547 | Enhanced management reporting will be incorporated within the new AGILE system. The system is not live until early July 2023 | M | 31-Dec-23 | - | - | No update provided | No update provided |
| PE&E | 22/23 Houses of Multiple Occupancy: There are no risks for HMOs stated on the PE&E risk register | 3533 | Include a new risk on the PE&E Risk Register to ensure that the Service have competent officers to follow the legislative processes with respect to HMO's | M | 30-Sep-23 | - | - | No update provided | No update provided |
| PE&E | Taxi and Private Hire Licencing 23/24: There are no operational risks stated in the portfolio's risk register for the licencing of taxi and PHV | 3567 | Include a new risk on the PE&E Risk Register to ensure that the Service have competent officers to follow the legislative processes with respect to Taxi and PHV requirements | M | 31-Oct-23 | - | - | No update provided | No update provided |

| Portfolio | Audit | Ref: | Action | Priority | Original Action Due Date | Revised Due Date | Date of Last Update Provided by Service | Reason for Revised Due Date | Current Status |
|-----------|--|------|--|----------|--------------------------|------------------|---|---|---|
| S&T | 21/22 Highways Structures - Part 2 Inspection & Preventative Maintenance - INSPECTION CYCLE AND REPAIR | 3437 | <p>We do not have a dedicated structures team/resource. These responsibilities are part of the role of Operational Manager South and Structures and the resources allocated to him. We will approach action on risk basis – focusing on principal inspections first.</p> <p>Part 1 - URN 03437 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 | 30-Nov-23 | 02-Nov-23 | Principal Inspections - risk in the report was around inspection by consultants, repair work has been identified but not complete. IB due to have meeting with officer to agree current state of play and agree repair programme including costs. | Revised due date updated to 30/11/23. Adverse weather conditions are causing increased workload for S&T. |
| S&T | 21/22 Highways Structures - Part 2 Inspection & Preventative Maintenance - INSPECTION CYCLE AND REPAIR WORK - Part 3 | 3527 | <p>We do not have a dedicated structures team/resource. These responsibilities are part of the role of Operational Manager South and Structures and the resources allocated to him. We will approach action on risk basis – focusing on principal inspections first.</p> | H | 30-July-23 | 30-Nov-23 | 12-Jan-24 | See Current Status | <p>Action 1 - Meeting with AmX held, and revised reporting templates created. Examples have been uploaded on action 3423. This can now be closed.</p> <p>Action 2 - Report templates have been produced for the purposes of reporting to HAMP – examples uploaded within action 3423. This can be closed.</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 | Current Status |
|-----------|--|------|---|----------|--------------------------|------------------|---|-----------------------------|--|
| S&T | 21/22 Statutory Training: There is no specific S&T Training Policy | 3219 | The Senior Management team are currently developing a People Management Strategy with HR and the Corporate Training team. A training strategy for S&T will be developed in conjunction with this strategy | M | 30-Apr-22 | 30-Sep-23 | 31-May-23 | See Current Status | The training policy has now been developed and is in final draft format. The policy still requires consultation with the Senior Management Team and Trade Union representatives. This is taking place in line with the culture and values action plan for change for the Streetscene and Transportation Portfolio. The policy development has been expanded to ensure that it complies with external accredited training requirements which has delayed the progress of sign off. Draft strategy attached. |

| Portfolio | Audit | Ref: | Action | Priority | Original Action Due Date | Revised Due Date | Date of Last Update Provided by Service | Reason for Revised Due Date | Current Status |
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| External | Pension Administration and Contributions 21/22- Performance metrics not being achieved | 3266 | <p>The management team (comprised of the Pensions Administration Manager and the team leaders) will strengthen the link between KPIs, actions and risk assessment by ensuring that documentation is available in relation to why the KPIs have not been met and defining more specific actions. Appropriate comments will be added to the risk register and Committee reports at a high level.</p> <p>Reporting on KPI 10, 12 and 13 has only taken place since the September Committee meeting. We had been collecting the data since April but the reports were only finalised in September for us to populate and report progress. We therefore haven't had enough time or opportunity in these specific areas to improve given the staff recruitment/training issues at the same time. It is acknowledge that this will need to be addressed going forward.</p> <p>The individual KPIs and their associated targets to be reviewed for adequacy. Where changes are identified, amendments will be made to the CPF Administration Strategy and reporting. Action plans to be devised to address underperformance.</p> | M | 30-Jun-22 | 31-Oct-23 | 07-Aug-23 | See current status | We are in the final stages of implementing new monthly employer reports including an automated escalation process. With that in mind please can you extend the current completion date for the two outstanding actions assigned to me to the 31/10/2023. Hopefully by then we will have issued two months' worth of reports and will be in a better position to monitor targets. |

| Portfolio | Audit | Ref: | Action | Priority | Original Action Due Date | Revised Due Date | Date of Last Update Provided by Service | Reason for Revised Due Date | Current Status |
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| Schools | 21/22 Schools Thematic Review - Ysgol Derwenfa - Approval of the School Fund Certificate | 3327 | The school will ensure that the school fund audited certificate and associated documents is shared with the full governing body for scrutiny and this will be evidenced within the committee meeting minutes. | M | 30-Sep-22 | - | 24-Apr-23 | Refer to current status | No supporting evidence provided. Action marked as implemented by Head. Email sent to Head 26/4/23 asking for evidence to support implementation. Ysgol Derwenfa 2022 (24 April 2023 09:42): The latest Audit certificate was shared with the Governing Body for approval |
| Schools | 21/22 Schools Thematic Review - Ysgol Derwenfa - Evidence of Budget Monitoring | 3338 | Minutes will be maintained for finance committee meetings and budget monitoring will be recorded as a standard agenda item. | M | 30-Sep-22 | - | 24-Apr-23 | Refer to current status | No supporting evidence provided. Action marked as implemented by Head. Email sent to Head 26/4/23 asking for evidence to support implementation. Ysgol Derwenfa 2022 (24 April 2023 09:38): When the need arises for a Finance meeting minutes will be taken and budget reports shared with Governors. School accountant will attend the Governors meeting on May 11th 2023 to present the budget plan to the full Governing Body |

| Portfolio | Audit | Ref: | Action | Priority | Original Action Due Date | Revised Due Date | Date of Last Update Provided by Service | Reason for Revised Due Date | Current Status |
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| Schools | 21/22 Schools Thematic Review - Ysgol Derwenfa - Appointment of External Auditor | 3339 | The school will ensure that an annual review is undertaken regarding the appointment of an external Auditor for the School Fund account and this review will be evidenced. | M | 30-Sep-22 | | 24-Apr-23 | Refer to current status | No supporting evidence provided. Action marked as implemented by Head. Email sent to Head 26/4/23 asking for evidence to support implementation. Ysgol Derwenfa 2022 (24 April 2023 09:46): Spoke to Governing Body about this at the meeting on March 30th. They felt that our current auditor is capable and thorough. he is known to the Governing Body and the two accountants that sit on our Governing Body were happy with his work. |
| Schools | 22/23 Schools Risk Based Thematic Review - Castell Alun: Schools Development Plan | 3464 | The SDP will be updated to include a 3 year outline of priorities. This will be included in the 23/24 SDP to be approved by the Governing Body in October 2023. The plan for spend of Education Improvement Grant monies will be reflected in the 23/24 School Development Plan and monitored accordingly. | M | 31-Oct-23 | - | - | No update provided | No update provided |

| Portfolio | Audit | Ref: | Action | Priority | Original Action Due Date | Revised Due Date | Date of Last Update Provided by Service | Reason for Revised Due Date | Current Status |
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| Schools | 22/23 School Funds - Ty Ffynnon: Bank mandate | 3521 | The mandate will now be updated in line with the School Fund Constitution. Head Teacher Comments: The Head Teacher has confirmed the bank mandate is now up to date and correct but does not agree that an audit finding should be raised when the bank have acknowledged they were in error for failing to action requested changes to the mandate. | M | 30-June-23 | - | - | N/A | No Update Provided |
| Schools | 22/23 School Funds - Ty Ffynnon: Bank mandate | 3522 | The school fund procedures will be reviewed and amended to include detail around the administration of the school fund account, reconciliation, roles and responsibilities and audit requirements. | M | 30-Sept-23 | - | - | N/A | No Update Provided |
| Schools | 22/23 School Funds - Ty Ffynnon: Governing Body challenge | 3520 | The balance and use of the school fund will be presented to the governing body quarterly and discussions, challenge and scrutiny of balances and transactions will be fully minuted. | M | 31-July-23 | - | - | N/A | No Update Provided |

| Portfolio | Audit | Ref: | Action | Priority | Original Action Due Date | Revised Due Date | Date of Last Update Provided by Service | Reason for Revised Due Date | Current Status |
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| Schools | 22/23 Schools Risk Based Thematic Review - Sealand Primary: School Fund | 3477 | <p>Voluntary School Fund Constitution to be updated in accordance with the Flintshire County Council School Fund guidance.</p> <p>Voluntary School Fund Constitution to be reviewed and approved by the Governing Body at their meeting in October 2023, with review and approval to be evidenced in the minutes of the meeting.</p> <p>School Fund transactions and balances to be periodically reported to the Governing Body as part of the Head Teachers report.</p> <p>Governing Body discussion and challenge around school fund transactions and balances to be evidenced in the minutes of the meetings.</p> <p>School Fund audit certificate to be shared with the Governing Body for review and approval. Review and approval to be evidenced in the meeting minutes.</p> <p>Annual appointment of the school fund auditor to be approved by the Governing Body with this approval evidenced in the minutes.</p> | M | 31-Dec-23 | - | - | N/A | No Update Provided |
| Schools | 22/23 Schools Risk Based Thematic Review - Sealand CP School: Scheme of Delegation | 3655 | Scheme of Delegation to be determined by the Governing Body at their meeting in October 2023, detailing those budgetary, management and monitoring decisions to be made by the Head Teacher and those decisions which are reserved by the Governing Body. | M | 31-Dec-23 | - | - | N/A | No Update Provided |

Appendix G

High and Medium Priority Actions 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 | Current Status |
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| Tudalen 234 | 21/22 Organisational Ethics & Values: Update of Policies/Protocols within the Constitution (3) | 3262 | Key ethical policies & guidance owned by the Governance Portfolio to be reviewed and refreshed in accordance with defined review dates, specifically; Declaration of Interest guidance notes on the Infonet (for officers) not updated since May 2003. Employee Privacy Policy & Statement 2018-2020. Email and Internet Usage Policy (not updated since July 2012). | M | 31-Dec-21 | 31-May-24 | 05-Dec-23 | See current status | Privacy policy statement is up to date although as you might imagine that is actually HR & OD not Governance. Declaration of interest guidance notes have been amended The IT usage policy has been redrafted and is currently being considered by relevant officers prior to submissions for approval. Target date May 2024. |
| | 22/23 Corporate Complaints: The number of complaints from elected officials is unknown. | 3451 | CS will remind PAs of the process for dealing with MPs / MSs complaints CS will support the Democratic Services Manager to include complaints handlings in the Member's training is in accordance with Council policy and procedures. CS will ask COT to remind all their teams any contact from elected officials must be recorded on the CRM | M | 30-Jun-23 | 30-Jun-24 | 05-Dec-23 | See current status | This is part complete with members training element still outstanding. This will need to coordinate with Democratic Services therefore due date needs to be extended until the 30th June 2024. On behalf of Rebecca Jones All complaints are recorded on the complaints system. Marked as implemented 30.6.23- evidence requested to support implementation |
| | H&C Homelessness & Temporary Accommodation 21/22- A homelessness/ Temporary accommodatio | 3234 | 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. | H | 30-Dec-22 | 30-Sep-23 | 17-Jan-24 | Due date extended as per agreement between senior manager and audit manager on all Temp accommodation actions | Additional Temporary Accommodation Officer now in post and Restructure continues in relation to Job Evaluation |

| Portfolio | Audit | Ref: | Action | Priority | Original Action Due Date | Revised Due Date | Date of Last Update Provided by Service | Reason for Revised Due Date | Current Status |
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| Tudalen 235 | n policy is not in place. | | <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> | | | | | | Homeless Accommodation Policy now in place and to be shared with Audit Team for review 17/01/2024. |
| | H&C | Homelessness & Temporary Accommodation 21/22- Processes are not adequate to deal with increase in demand. | 3237 | <p>The response will be delivered in 3 stages – immediate, medium and longer term. All actions are assigned to the Service manager to be delegated across team.</p> <p>Short term (March 2022) SLAs to be introduced between all areas which have a direct impact in service delivery. Including Responsive repairs</p> | | 31-Mar-23 | 30-Jun-24 | 17-Jan-24 | See current status |

| Portfolio | Audit | Ref: | Action | Priority | Original Action Due Date | Revised Due Date | Date of Last Update Provided by Service | Reason for Revised Due Date | Current Status |
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| Tudalen 236 | | | <p>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 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"> Procedures and staff guidance notes in place and will be shared with Audit w/c 22/01/2024. Opportunities to engage Newydd as Cleaning Contractor being explored in response to challenges with current provider. 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. Procedures and staff guidance notes in place and will be shared with Audit w/c 22/01/2024. Suitability Checklist now in place along with Direct Lets Nomination Form and shared with Audit Team 17/01/2024 for review. Clear process for Homeless Direct Lets now in place with dedicated officer leading the matching process and shared with Audit Team 17/01/2024 for review. Nominations report and suitability assessment requiring management sign off in place and process documented and shared with Audit Team 17/01/2024 for review. Process for Renewal of Leases documented and being applied and documents shared with Audit Team 17/01/2024 for review. Memorandum of Understanding for HRA used as Temporary Accommodation to be signed off w.c. 29/01/2024 Discussions with a Housing Partner underway for take on of 10 additional properties for use as Homeless |

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| Tudalen 237 | | | | | | | | | <p>Accommodation and Memorandum of Understanding to signed off if lease offer accepted by 31st March 2024.</p> <ul style="list-style-type: none"> • 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. • Homeless Accommodation Policy complete and shared with Audit Team 17/01/2024 for review. • 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. • To be completed in when all back office system functionality in place. To be completed by end June 2024. |
| | Homelessness & Temporary Accommodation 21/22-Management information is not available or unreliable to monitor the achievement of the Homelessness Strategy and policy | 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 Management Process. Information to be timely reviewed to identify and address process impediments/</p> | H | 30-Jun-22 | 30-Sep-23 | 17-Jan-24 | Due date extended as per agreement between Senior Manager and Audit Manager | <ul style="list-style-type: none"> • Spreadsheets updated for data capture and available for Audit Team review end January 2024 • Additional tabs on spreadsheets for collection of data relating to Performance Information for length of stay and available for Audit Team review end January 2024 • Migration over to the Back Office system for management of all forms of homeless accommodation to be completed end March 2024 • To complete training for all staff working on Back Office functionality for Temporary Accommodation staff once |

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| Tudalen 238 | | | 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>system implemented end of March 2024.</p> <ul style="list-style-type: none"> • Performance Management dashboard scoped out and once functionality of Back Office complete dashboard data will be live end March 2024. • Suitability Checklist now in place along with Direct Lets Nomination Form and shared with Audit Team 17/01/2024 for review. • Clear process for Homeless Direct Lets now in place with dedicated officer leading the matching process and shared with Audit Team 17/01/2024 for review. • Nominations report and suitability assessment requiring management sign off in place and process documented and shared with Audit Team 17/01/2024 for review. • Homeless Accommodation Policy complete with sections on Income Management activity to enable one Policy for all aspects of Homeless Accommodation Management and shared with Audit Team 17/01/2024 for review. |
| | H&C | SARTH Follow Up 2019/20 - The number of overrides remains high | 3008 | Management Response As a sub-regional activity (the Common Allocations Policy operates across Conwy Denbighshire and Flintshire Council areas) it is important that some issues are managed collectively across the | M | 31-Jul-23 | 30-Sept-23 | 17-Jan-24 | Refer to Current Status |

| Portfolio | Audit | Ref: | Action | Priority | Original Action Due Date | Revised Due Date | Date of Last Update Provided by Service | Reason for Revised Due Date | Current Status |
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| Tudalen 239 | | | <p>SARTH partners as well as at the local level. Overrides is an issue that is a challenge across Conwy Denbighshire and Flintshire. In response to this the Regional Operational Panel for SARTH which meets monthly, reviews levels of overrides to collectively understand the system challenges. Close monitoring at the local level is also a necessary management control. Overrides are part of the allocations matching process but it is acknowledged that when excessive in numbers, this can be an indicator of a bigger problem. Reasons for overrides will usually be 1) inaccurate application data 2) user error when using the system for property matching 3) system specific issues 4) property specific issues. Lengthy waiting times for social housing (27 months was noted in the Audit sample) are predominantly an indicator of limited social housing stock and a disparity between supply of homes and the local housing need. Some applicants will have</p> | | | | | | <p>Register reduce from approx. 2400 to approx. 2000 through better data management and cleansing and should reduce overrides due to data quality issues.</p> <ul style="list-style-type: none"> Evidence to be provided to Audit Team for review and agreed actions to be closed down by end March 2024 |

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| Tudalen 240 | | | <p>housing needs that are not easily resolved with the limited supply of social housing available within Flintshire. Examples include: There are specific challenges around limited 1 bed general needs accommodation. Not all properties will meet the needs of households with disabled adaptations requirements resulting in lengthier waiting times for significantly adapted properties Large families also wait a significant time due to the limited availability of larger family homes (4bed+).</p> <p>Agreed Actions Ensure that there is regional oversight for "overrides" through the SARTH Operational Panel, and that opportunities for service improvement are identified for action at the local level.</p> <p>Explore opportunities for improvements within the Open Housing System to reduce the number of overrides through changes or</p> | | | | | | |

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| | | | <p>enhancements to the Allocations Module.</p> <p>Ensure all staff allocating properties via SARTH (FCC and Housing Partners), have regular training on the matching process. When overrides are necessary they should be recorded accurately with reason codes and detailed narrative for justification.</p> | | | | | | |
| H&C Tudalen 241 | SARTH Follow Up 2019/20 - Applicant reviews are not being carried out on a regular basis | 3009 | <p>Management Response</p> <p>There have been significant resource issues within the Housing Register Team which have posed challenges in terms of service capacity and staff continuity. The periodic review process has therefore fallen behind. This will now be progressed and become routine within the teams approach to register management. Embedding the review process within the Housing Register Team's routine activity and exploring opportunities for utilising technology to create efficiencies within this process are welcomed suggestions and had been on management's radar for areas of service improvement for the Housing Register Team. Management are eager to</p> | M | 31-Jul-21 | 31-Mar-24 | 17-Jan-24 | Refer to current status | Periodic reviews are now routinely completed by Housing Register, Connects and Call Centre staff and management information routinely produced (monthly) for purposes of oversight of reviews outstanding. Supporting evidence to be shared with Audit Team for review and close down of agreed actions end January 2024. |

| Portfolio | Audit | Ref: | Action | Priority | Original Action Due Date | Revised Due Date | Date of Last Update Provided by Service | Reason for Revised Due Date | Current Status |
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| Tudalen 242 | | | <p>explore opportunities to embrace technology for processes linked to Housing Register, but also mindful that not all applicants would want to make use of technology for the periodic review process. Striking a balance between efficient processes for the Housing Register Team that make use of technology and support principles of "channel shift" (moving away from telephone contacts as the norm), whilst also retaining a person centred approach will be important when considering the use of technology. Approx. 1 in 4 applicants are "older people" and the use of technology may not be their preferred method of contact.</p> <p>Agreed Actions</p> <p>Embed the periodic review process within routine operational practice of the Housing Register Team. Explore opportunities to use technology such as text, and online engagement to assist with the applications and periodic review process. Ensure robust</p> | | | | | | |

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| | | | management oversight of periodic reviews through monthly monitoring reports and a clearly documented process. | | | | | | |
| H&C Tudalen 243 | SARTH Follow Up 2019/20 - Not all band 1 tenancies have had pre-tenancy checks or landlord references evidenced | 3010 | Management Response Pre tenancy assessment and a focus on supporting new tenants to start their tenancy on a strong footing are key to achieving sustainable long term housing and reducing the risks of homelessness. The Housing & Prevention Service delivers and commissions a range of housing related support services through Housing Support Grant. Previous tenancy history as evidenced through landlord references is potentially 1 indicator of an applicant's suitability as a prospective tenant, but it is widely acknowledged that some applicants, particularly those from the Private Rented Sector, will often not want their current landlord to be contacted about their application for rehousing. The fear of "revenge eviction" or creating instability with the landlord tenant relationship is a genuine concern for a great many people so finding other ways to evidence tenancy | M | 31-Jul-21 | 31-Mar-24 | 17-Jan-24 | Refer to current status | Those applicants offered social housing via the Homeless Direct Lets nominations process (50% homeless quota) have support needs identified by Homeless Team and are allocated Support Workers as required for move on support to exit homelessness. Support needs captured through Homeless Direct Lets Nominations Form process and sample documents submitted to Audit Team for Review 17/01/2023 |

| Portfolio | Audit | Ref: | Action | Priority | Original Action Due Date | Revised Due Date | Date of Last Update Provided by Service | Reason for Revised Due Date | Current Status |
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| Tudalen 244 | | | conduct. Agreed Actions Review the pre tenancy approach with SARTH Partners to develop a consistent way of undertaking "pre tenancy checks". Clearly document the outcome of any changes to practice and formalise through a documented procedure Develop an internal transfer's procedure for FCC, which picks up on those applicants who are existing FCC tenants, in order to assess their suitability for a move (not housing need, but picking up on arrears and property condition) as well as helping tenants to prepare for a move. Develop a Tenancy Ready / Home Starter Support Matrix which will identify households who may require additional support with setting up home and managing the practicalities of a move in order to target support services at those with greatest support needs | | | | | | |
| | H&C | Homelessness & temporary Accommodation 21/22- Homelessness levels of | 3236 | Agree in part. A weekly review of temporary accommodation capacity and those | M | 31 Mar 22 | 31-Mar-24 | 17-Jan-24 | Due date extended as agreed by Audit Manager at the request of Senior Manager. |

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| Tudalen 245 | accommodation are not monitored over time to ensure adequate temporary accommodation is available. | | <p>individuals'/families likely to move on (leaving temporary accommodation) takes place. Capacity is increased if required; emergency accommodation can be achieved through booking bed and breakfasts through block booking arrangements.</p> <p>Additional pressures have been observed due to Covid, housing market pressures and the need to increase capacity immediately. Welsh Government Covid Hardship Grant has enabled this as part of the emergency homeless and public health response.</p> <p>It is not possible to accurately forecast homelessness numbers. Trend analysis prior to Covid19 is not applicable and would deliver limited value due to the significant change the pandemic has had on the landscape.</p> <p>Achievement of deliverables in line with the Rapid Rehousing Transition Plan is the ultimate aim.</p> <p>Short term (March 2022)</p> | | | | | | <ul style="list-style-type: none"> Refusal reasons identified as in significant part due to lack of guidance on Offer Process and inappropriate offers in regards to 'suitability assessment'. Suitability Checklist in place along with Direct Lets Nomination Form Clear process for Homeless Direct Lets now in place with dedicated officer leading the matching process. Nominations report and suitability assessment requiring management sign off in place. Refusals managed through the statutory instrument of Housing (Wales) Act 2014 s.85 Right to Review and Independent Reviewer appointed. <p>COMPLETE AND LIAISING WITH AUDIT TEAM FOR FOLLOW UP TESTING</p> |

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| | | | Identification of reasons for refusal of permanent accommodation and action process to manage "unreasonable refusals" to be documented. | | | | | | |
| S&T Tudalen 246 | Homelessness & Temporary accommodation 21/22- The Open Housing system is not being utilised to manage stock, tenancies, repair work or rental income to be able to effectively deliver on service objectives. | 3256 | <p>The response will be delivered in 3 stages – short, medium and longer term. All actions are assigned to the Service manager to be delegated across team.</p> <p>Short term (March 2022) In the short term, improve and enhance excel spreadsheet to capture all information in relation to temporary accommodation so data can be analysed and interrogated in order to identify efficiencies/opportunities for improvements as well as trends.</p> <p>Medium term (June 2022) Open Housing System Private Sector leasing module is already purchased but not implemented. IT has advised will need to wait for V16 of Open housing and IT capacity means that they will not be able to pick up this project until June 2022 at the earliest. Ensure detailed scope of works and Project Plan adopted.</p> | M | 31-Mar-23 | 31-Mar-24 | 17-Jan-24 | Refer to current status | <p>As reported to Community, Housing & Assets Scrutiny Committee in October 2023, whilst the initial audit action plan focussed on the implementation of the Open Housing Private Sector Module for the ICT system, other portfolio projects has meant limited ICT resources have been available.</p> <p>Further consideration was given to how the existing homeless case management system could be utilised to integrate homelessness systems functionality to seamlessly link with the management of temporary accommodation.</p> <p>Significant work has been done to the 'back office' to enable the functionality required by front line staff and to enable case work, management reporting and oversight but further work is required on temporary accommodation. Limited capacity within IT Services has delayed progress.</p> <p>The following is complete or in progress:</p> <p>Improve and enhance excel spreadsheet to capture all information in relation to temporary accommodation.</p> <ul style="list-style-type: none"> • Spreadsheets updated for data capture |

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| Tudalen 247 | | | Longer term (March 2023) Implement the new system and all appropriate functionality to manage the Temporary Accommodation Portfolio in regards to all aspects of housing management. | | | | | | <ul style="list-style-type: none"> Additional tabs on Spreadsheets for collection of data relating to Performance Information for length of stay HB Monitoring information linked to TA placements spreadsheets <p>Move away from Spreadsheets for accommodation casework and adopt Back Office</p> <ul style="list-style-type: none"> Migration over to the Back Office system for management of all forms of homeless accommodation – commenced May 2023 Complete training for all Staff working on Back Office functionality for Temp Accom Staff once fully implemented <p>Performance Management functionality to be developed for reporting via Back Office</p> |
| | 21/22 Highways Structures - Part 2 Inspection & Preventative Maintenance - COMPLETENESS & ACCURACY OF AMX - Part 1 | 3423 | <ol style="list-style-type: none"> Define and implement process to regularly reconcile ins/outs will be. Prioritise on basis of risk to assess whether FCC is liable for unconfirmed assets. Update in AMX 3.Introduce use of mobile app so AMX can be updated in real time by inspectors Ensure AMX data is the only basis for reporting / measuring performance for regular reporting to HAMP (see | H | 31-May-23 | 31-Jan-24 | 02-Nov-23 | ASPECT 3 of this action - AMX mobile facility - lots of progress with small tweak remaining, meeting scheduled with AMX - should be on target for 30/10/23 implementation - REVISE IMP DATE FOR THIS ASPECT | Revised due date amended as adverse weather conditions are causing increased workload for S&T |

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|------------------------|---|------|---|----------|--------------------------|------------------|---|--|---|
| | | | actions on defining performance indicators, risk management and reporting) | | | | | | |
| S&T Tudalen 248 | 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 | 02-Nov-23 | | <p>AMX extracts are Mgmt information has yet to be translated into performance indicators / thresholds for risk assessment. targets need to reflect the level of resource available</p> <p>1. Prioritisation matrix attached - this will be the basis of decision making and actions - including risk assessment and performance targets - CLOSE THIS ASPECT</p> <p>2. AMX mgmt info extracts attached - these datasets are used at HAMP and form the basis for decision making and actions - CLOSE THIS ASPECT</p> <p>3. Mgmt 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 - REVISE IMPLEMENTATION TO ALIGN WITH THIS</p> |
| S&T | 2020/21- Loss of O License- Lack of business continuity due to single person dependency | 3119 | A documented set of procedures to be drafted to document the end to end process which demonstrates compliance with O Licence requirements. This should also set out roles and responsibilities, timescales for completion of the various processes and will ensure the process is embedded across all transport | M | 31-Jul-21 | 31-Mar-24 | 19-May-23 | Work continues with recording processes, key contacts, responsibilities and standard documentation, however following key changes to key personnel for the contractor and FCC Fleet completion has been delayed. | Follow up report issued 19.5.23 and action priority revised to Amber recognising progress made and the impact on risk. This action remains in progress. As a result of resource issues within the service, actions to ensure continuity of service in the absence of key individual and avoid single person dependency have not been fully developed or embedded. The service has revised the due date for this agreed action from 31.07.21 to 31.03.24 recognising lead time to appoint a new fleet manager and to |

| Portfolio | Audit | Ref: | Action | Priority | Original Action Due Date | Revised Due Date | Date of Last Update Provided by Service | Reason for Revised Due Date | Current Status |
|--------------------|--|------|--|----------|--------------------------|------------------|---|-----------------------------|---|
| Tudor Green 249 | | | <p>operations. Through the assignment of roles and responsibilities this will assist with the identification of single person dependencies and support service resilience.</p> <p>Compliance checks to be regular conducted to ensure that the processes are being delivered correctly and in a timely manner.</p> <p>Training to be provided to additional staff in critical roles to ensure business continuity in the event the individual responsible is not available.</p> | | | | | | <p>allow the appointee to embed into the role before drafting documented processes.</p> <p>The risk priority has reduced from Red to Amber in recognition of the work undertaken to date as evidenced by the Fleet Task Duties document and the progress identified in Findings 3118 & 3147.</p> |
| | Pension Administration and Contributions 21/22- Performance metrics not being achieved | 3266 | <p>The management team (comprised of the Pensions Administration Manager and the team leaders) will strengthen the link between KPIs, actions and risk assessment by ensuring that documentation is available in relation to why the KPIs have not been met and defining more specific actions. Appropriate comments will be added to the risk register and Committee reports at a high level.</p> <p>Reporting on KPI 10, 12 and 13 has only taken place since the September Committee meeting. We had been</p> | M | 30-Jun-22 | 31-Oct-23 | 07-Aug-23 | Refer to current status | <p>As advised 7/8/23 - due date extended 31/10/23. We are in the final stages of implementing new monthly employer reports including an automated escalation process. With that in mind please can you extend the current completion date for the two outstanding actions assigned to me to the 31/10/2023. Hopefully by then we will have issued two months' worth of reports and will be in a better position to monitor targets.</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 | Current Status |
|-------------|-------|------|---|----------|--------------------------|------------------|---|-----------------------------|----------------|
| Tudalen 250 | | | <p>collecting the data since April but the reports were only finalised in September for us to populate and report progress. We therefore haven't had enough time or opportunity in these specific areas to improve given the staff recruitment/training issues at the same time. It is acknowledged that this will need to be addressed going forward.</p> <p>The individual KPIs and their associated targets to be reviewed for adequacy. Where changes are identified, amendments will be made to the CPF Administration Strategy and reporting. Action plans to be devised to address underperformance.</p> | | | | | | |

| Ref | Date Referred | Investigation Details |
|--|---------------|---|
| 1. New Referrals | | |
| 1.1 | | Nil new referral received |
| 2. Reported to Previous Committees and still being Investigated | | |
| 2.1 | | No ongoing investigations |
| 3. Investigation Completed | | |
| 3.1 | | Theft of petty cash funds within Social Services £412.86. Advice issued to management with recommendations to improve the reconciliation and record keeping controls. |

Internal Audit Performance Indicators

Appendix I

| Performance Measure | 22/23 | Qtr1 | Qtr2 | Qtr 3 | Qtr 4 | Target | RAG Rating | |
|--|-------|------|------|-------|-------|--------|------------|---|
| Audits completed within planned time | 82% | 80% | 83% | 50% | - | 80% | R | ↓ |
| Average number of days from end of fieldwork to debrief meeting | 18 | 18 | 14 | 16 | - | 20 | G | ↔ |
| Average number of days from debrief meeting to the issue of draft report | 2 | 5 | 1 | 8 | - | 5 | R | ↓ |
| Days for departments to return draft reports | 8 | 12 | 13 | 6 | - | 7 | G | ↑ |
| Average number of days from response to issue of final report | 1 | 1 | 2 | 1 | - | 2 | G | ↔ |
| Total days from end of fieldwork to issue of final report | 24 | 26 | 26 | 30 | - | 34 | G | ↔ |
| Productive audit days | 86% | 74% | 82% | 76% | - | 75% | G | ↔ |
| Client questionnaires responses as satisfied | 100% | 100% | 100% | 100% | - | 95% | G | ↔ |
| Return of Client Satisfaction Questionnaires to date | 76% | 67% | 50% | 59% | - | 80% | R | ↔ |

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| 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 |
|---|----------|----------------|--|
| Corporate | | | |
| Strategic Core Funding (22/23) | H | Complete | |
| Management of Leisure Assets | H | In Progress | |
| Integrated Impact Assessment | H | Complete | |
| Cyclical Property Valuations | M | Defer | Defer due to lack of resource |
| Education & Youth | | | |
| 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 | |
| School Risk Based Thematic Reviews – Connah's Quay High | Annual | In Progress | |
| School Risk Based Thematic Reviews – Ysgol Maes Hyfred | Annual | In Progress | |
| School Risk Based Thematic Reviews – Ysgol Pen Coch | Annual | In Progress | |
| Fixed term and permanent exclusions (provisional) | M | Defer | Defer due to lack of resource |
| Governance | | | |
| Cyber Security & Data Security | H | In Progress | |
| Protection against Ransomware Attacks (external) | H | In Progress | |
| Declarations of Interest | H | Draft Report | |
| 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 | |
| Housing & Assets | | | |
| Landlord Health & Safety (Fire) | H | Complete | |
| Tenancy Enforcement / Support | H | Not started | |
| 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 |
|---|----------|----------------|---|
| People & Resources | | | |
| Main Accounting – General Ledger (22/23) | Annual | Complete | |
| Housing Revenue Account - HRA | H | In Progress | |
| Corporate Grants (replacement of AW work) | Annual | In Progress | |
| Main Accounting – Accounts payable (AP) & P2P | Biennial | Complete | |
| Treasury Management | M | Defer | Defer due to lack of resource |
| Corporate Credit card / Procurement Card | M | In Progress | |
| Compliance with pay policies / Application of Additional Pay Policy | H | Complete | |
| Pay Modelling | H | In Progress | |
| Challenge review of In Year Overspends | New | In Progress | |
| Disclosure and Barring Service (DBS) Renewal | M | Complete | |
| Planning, Environment & Economy | | | |
| Climate Change & Environmental Sustainability (Cross Cutting) (22/23) | | In Progress | |
| Income - Fees & Charges | H | In Progress | |
| Planning – Prioritisation & Activities (including Enforcement) | H | In Progress | |
| Licencing & Permits | M | Complete | |
| Section 106 Agreements | M | Not Started | |
| Social Services | | | |
| Management of Residential Care Liabilities | H | Draft Report | |
| Consultancy Support - Voice of One Child | H | In Progress | |
| Deprivation of Liberty Safeguards (DoLS) | H | In Progress | |
| In House Children's Home - Ty Nyth | H | Not Started | |
| Streetscene & Transportation | | | |
| Statutory Transport Obligations – Cost Dataset | New | In Progress | Requested by the service following the audit of TSO |
| Recycling Targets | H | Draft Report | |
| Review of Technical & Performance Team | H | In Progress | |
| H&S Service Delivery | M | Draft Report | |
| Fleet contract extension action plan | New | In Progress | Requested following Council Meeting |
| Assets Infrastructure (CiPFA Code) | M | Not Started | |
| External | | | |
| 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 | |
|-------------------------------------|---|
| Risk Based Audits | Work based on strategic and operational risks identified by the organisation in the Improvement Plan and Service Plans. Risks are linked to the organisation's objectives and represent the possibility that the objectives will not be achieved. |
| Annual (System Based) Audits | Work in which every aspect and stage of the audited subject is considered, within the agreed scope of the audit. It includes review of both the design and operation of controls. |
| Advice & Consultancy | Participation in various projects and developments in order to ensure that controls are in place. |
| VFM (Value For Money) | Audits examining the efficiency, effectiveness and economy of the area under review. |
| Follow Up | Audits to follow up actions from previous reviews. |
| New to Plan | Audits added to the plan at the request of management. All new audits to the plan are highlighted in red. |
| Audits to be Combined | Audits to be combined once detailed scope established. All combined audits are highlighted in purple within the plan. |
| Audits to be Deferred | Medium priority audits deferred. These audits are highlighted in green within the plan. |

Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 10



GOVERNANCE AND AUDIT COMMITTEE

| | |
|------------------------|--|
| Date of Meeting | Wednesday, 24 th January 2024 |
| Report Subject | Action Tracking |
| Report Author | Internal Audit, Performance and Risk Manager |
| Category | 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. |
|---|--|

REPORT DETAILS

| | |
|-------------|--|
| 1.00 | EXPLAINING THE ACTION TRACKING REPORT |
| 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. |
| 2.00 | RESOURCE IMPLICATIONS |
| 2.01 | None as a result of this report. |

| | |
|-------------|--|
| 3.00 | CONSULTATIONS REQUIRED / CARRIED OUT |
| 3.01 | Action owners contacted to provide an update on their actions. |

| | |
|-------------|----------------------------------|
| 4.00 | RISK MANAGEMENT |
| 4.01 | None as a result of this report. |

| | |
|-------------|-----------------------------|
| 5.00 | APPENDICES |
| 5.01 | Appendix A – Action Points. |

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

| | |
|-------------|--------------------------|
| 7.00 | GLOSSARY OF TERMS |
| 7.01 | None. |

GOVERNANCE AND AUDIT COMMITTEE – ACTION SHEETPresented Wednesday 24th January 2024

| 25 th January 2023 | | | | |
|-------------------------------|---|---|---------------------|--|
| Agenda Item No. | Report | Action Required | Responsible Officer | Action Taken |
| 57. | Drury Primary School - Finance Management follow-up | To advise the Committee when the final outstanding action has been completed. | L Brownbill | Whilst this action remains open, significant progress has been made with an agreement reached between both parties over the lease / rental income. Final stage is to sign the lease agreement once complete. |

| 22 nd March 2023 | | | | |
|-----------------------------|-------------------|--|---------------------|---|
| Agenda Item No. | Report | Action Required | Responsible Officer | Action Taken |
| 67. | IA Strategic Plan | To share with the Ctte 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. |

14th June 2023

| Agenda Item No. | Report | Action Required | Responsible Officer | Action Taken |
|-----------------|--|--|---------------------|--|
| 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. |

22nd November 2023

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| Agenda Item No. | Report | Action Required | Responsible Officer | Action Taken |
|-----------------|-------------------------------|--|-----------------------|---|
| 39 | PSOW Letter and Complaints | To feedback to the officer group that that actions identified from complaints should be fed into the performance & development process and that lessons learned inform preparation of the AGS. | R Jones / L Brownbill | The next Complaints Officer Group meets on 20 March where this will be raised with the group. |
| 40 | AGS 2022/23 mid-year progress | To share the Audit Wales report on homeless prevention services at a future meeting. | L Brownbill | This is scheduled within the FWP for April 2024 in order to allow this to go through the appropriate reporting procedure. |
| 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 future AGS reports. |

| | | | | |
|----|--|---|-------------|--|
| 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 addressed in the future AGS reports. |
| 42 | Asset Disposals & Capital Receipts 2022/23 | Further information on the disposals shown in the appendix to be shared with the Committee on a confidential basis. | C Taylor | Members were provided with additional information on Asset Disposal on 22 December 2023. |
| 43 | Audit Actions outstanding | That a further report be scheduled for January 2024 to update the Committee on progress with outstanding audit actions. | L Brownbill | This has been scheduled and will be reported to the Committee in January 2024 |
| 43 | Audit Actions outstanding | To feedback Cllr Banks' concerns at the lack of attendance by officers from SS&T and Cabinet Member representation from both portfolios. | N Cockerton | The Chief Executive has spoken with Cllr Bank regarding this matter. |
| 44 | GAC Annual Report | That, subject to the inclusion of a sentence to be agreed with the Chair, the Annual Report for 2022/23 be endorsed prior to its submission to Council for approval on 6 December 2023. | L Brownbill | The Governance and Audit Committees Annual Report was updated with the additional sentence and presented and approved by County Council on 6 December 2023 |
| 45 | Action Tracking | To share the outcome of discussion with Cllr Parkhurst on officers' interests with the Committee. | G Owens | An email summarising the discussion with Cllr Parkhurst will be shared with Members |

| | | | | |
|-------|--|--|--------------------------|---|
| 46 | FWP | Self-assessment workshop date to be arranged with the Chair and shared with the Committee. | L Brownbill | This has been arranged for Thursday 8 th February at 14.00 |
| 47/48 | Investigation into anonymous allegations | To share with the Committee any information on the scale of grants paid by the Council and those paid by other organisations to the company. | G Owens / L Brownbill | An email was sent to members of the Committee on 16 th January 2024. |

Eitem ar gyfer y Rhaglen 11



GOVERNANCE AND AUDIT COMMITTEE

| | |
|------------------------|--|
| Date of Meeting | Wednesday, 24 th January 2024 |
| Report Subject | Forward Work Programme |
| Report Author | Internal Audit, Performance and Risk Manager |
| Category | 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

| | |
|-------------|---|
| 1.00 | EXPLAINING THE FORWARD WORK PROGRAMME |
| 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"> 1. Will the review contribute to the Council's priorities and/or objectives? 2. Is it an area of major change or risk? 3. Are there issues of concern in governance, risk management or internal control? 4. Is it relevant to the financial statements or financial affairs of the Council? 5. Is there new government guidance or legislation? 6. Is it prompted by the work carried out by Regulators/Internal Audit? | | | | | | | | | | | | | | | | | | | | |
|--|---|---------------|---------------------|---------------|-----------------|--------------------------------|------------|---|----------|--|--|---|----------|-----------------------------------|--|----------|------------|-------------------------------------|------------|---|----------|
| 1.03 | <p>Following the Committee meeting in November there have been some changes to the forward work programme. This is either following a request for an additional report in January by committee, new reports or to allow reports to be presented to Cabinet and Overview and Scrutiny committees first in line with the External Assurance reporting protocol.</p> | | | | | | | | | | | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th data-bbox="316 786 647 891">Report</th> <th data-bbox="655 786 1139 891">Reason for Movement</th> <th data-bbox="1147 786 1294 891">Original Date</th> <th data-bbox="1302 786 1442 891">New Report Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 898 647 969">AW – Social Enterprises Report</td> <td data-bbox="655 898 1139 969">New Report</td> <td data-bbox="1147 898 1294 969">-</td> <td data-bbox="1302 898 1442 969">Jan 2024</td> </tr> <tr> <td data-bbox="316 976 647 1081">Audit Actions Update – Housing & Community</td> <td data-bbox="655 976 1139 1081">New report at the request of GAC in November</td> <td data-bbox="1147 976 1294 1081">-</td> <td data-bbox="1302 976 1442 1081">Jan 2024</td> </tr> <tr> <td data-bbox="316 1088 647 1193">AW - Annual Risk Assurance Report</td> <td data-bbox="655 1088 1139 1193">Needs to be presented to Cabinet and Climate Change Committee before GAC</td> <td data-bbox="1147 1088 1294 1193">Jan 2024</td> <td data-bbox="1302 1088 1442 1193">April 2024</td> </tr> <tr> <td data-bbox="316 1200 647 1263">AW – Homelessness Prevention Report</td> <td data-bbox="655 1200 1139 1263">New Report</td> <td data-bbox="1147 1200 1294 1263">-</td> <td data-bbox="1302 1200 1442 1263">Apr 2024</td> </tr> </tbody> </table> | Report | Reason for Movement | Original Date | New Report Date | AW – Social Enterprises Report | New Report | - | Jan 2024 | Audit Actions Update – Housing & Community | New report at the request of GAC in November | - | Jan 2024 | AW - Annual Risk Assurance Report | Needs to be presented to Cabinet and Climate Change Committee before GAC | Jan 2024 | April 2024 | AW – Homelessness Prevention Report | New Report | - | Apr 2024 |
| Report | Reason for Movement | Original Date | New Report Date | | | | | | | | | | | | | | | | | | |
| AW – Social Enterprises Report | New Report | - | Jan 2024 | | | | | | | | | | | | | | | | | | |
| Audit Actions Update – Housing & Community | New report at the request of GAC in November | - | Jan 2024 | | | | | | | | | | | | | | | | | | |
| AW - Annual Risk Assurance Report | Needs to be presented to Cabinet and Climate Change Committee before GAC | Jan 2024 | April 2024 | | | | | | | | | | | | | | | | | | |
| AW – Homelessness Prevention Report | New Report | - | Apr 2024 | | | | | | | | | | | | | | | | | | |

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

| | |
|-------------|---|
| 3.00 | CONSULTATIONS REQUIRED / CARRIED OUT |
| 3.01 | Both the Chair and Vice-Chair were consulted prior to the meeting and publication of this report also constitutes consultation. |

| | |
|-------------|----------------------------------|
| 4.00 | RISK MANAGEMENT |
| 4.01 | None as a result of this report. |

| | |
|-------------|--|
| 5.00 | APPENDICES |
| 5.01 | Appendix A - Draft Forward Work Programme. |

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

| | |
|-------------|---|
| 7.00 | GLOSSARY OF TERMS |
| 7.01 | <p>Governance - The system by which local authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes.</p> <p>Risk Management - The process of identifying risks, evaluating their potential consequences, and managing them. The aim is to reduce the frequency of risk events occurring (wherever this is possible) and minimise the severity of their consequences if they occur. Threats are managed by a process of controlling, transferring or retaining the risk. Opportunities are managed by identifying strategies to maximise the opportunity or reward for the organisation.</p> <p>Internal Control - 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>Financial Management - 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>Audit Wales - Works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.</p> |

Mae'r dudalen hon yn wag yn bwrpasol

| Area | 24 January 2024 | 10 April 2024 | June 2024 | July 2024 | September 2024 | November 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) Audit Plan AW 2023 | Annual Audit Summary 2022/23 | | | |
| Internal Audit | | Internal Audit Strategic Plan 2024/2027 | Internal Audit Annual Report 2023/24 | | | |
| | Internal Audit Progress Report 2023/24 | Internal Audit Progress Report 2023/24 | 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 | Code of Corporate Governance | | Draft Annual Governance Statement | | | Annual Governance Statement 22/23 Mid-Year review |
| | | 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 and Framework | | Risk Management Update | | | |
| | 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) | | |
| | | | | Supp Financial Information to Draft Statement of Accounts 2023/24 | | Asset Disposals and Capital Receipts |
| Treasury Management | Treasury Management Q3 2023/24 and 2024/25 Strategy | Treasury Management 2023/24 Q4 Update | | Treasury Management Q1 2024/25 Update and Annual Report 2023/24 | | Treasury Management Q2 2023/24 – Mid Year Report |
| Senior Officer Updates Op Matters / Key Risks / Other) | Audit Action Update – Housing & Communities | AW – Homelessness Prevention Report | | | | |
| | 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>Governance and Audit Committee</p> <ul style="list-style-type: none"> Budget Workshops for members – 2023 TBC Treasury Management Training – 8 December 2023 Annual Self-Assessment Workshop – 8 February 2024 AGS / CSA Workshop – April / May 2024 Private Meeting (AW and Internal Audit) – April 2024 Training and Development sessions - Ongoing | <p>General</p> <ul style="list-style-type: none"> Correspondence, updates to actions and reports for information purposes Time sensitive consultation In person / video meetings as and when necessary |
|---|--|

Mae'r dudalen hon yn wag yn bwrpasol