

# Statement of Accounts



2023-24



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# NARRATIVE REPORT

## INTRODUCTION

This narrative report summarises Flintshire County Council's Statement of Accounts for 2023/24 and details income and expenditure on service provision for the financial year 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024 and the value of the Council's assets and liabilities as at 31<sup>st</sup> March 2024. The Group Accounts incorporate the Council's Financial Statements with those of its wholly owned subsidiaries North East Wales Homes Ltd (NEW Homes) and Newydd Catering and Cleaning Ltd.

The Accounts have been prepared in accordance with the 2023/24 Code of Practice on Local Authority Accounting which is based on International Financial Reporting Standards (IFRS).

As always, the production of this comprehensive and complex set of Accounts has required an enormous effort from many people across the Council, both within finance and within service portfolio areas. The continued challenges around asset valuations and the delay in certifying the Accounts for 2022/23 meant that the Council was unable to finalise the Accounts within the earlier legislative deadline of 31<sup>st</sup> May 2024. However, the Council has been able to prepare and submit the Accounts to the Council's external auditors in advance of the framework set out by Welsh Government of 30<sup>th</sup> June 2024.

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

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

The finance service aspires to develop a Statement of Accounts that is more accessible to users. Flintshire County Council is a large and diverse organisation and the information contained within these Accounts is technical and complex. The aim of this narrative statement is to provide a general guide to the items of interest and highlight some of the more significant matters that have contributed to the final position for the financial year ending 31<sup>st</sup> March 2024.

## COUNCIL PERFORMANCE DURING THE YEAR

The Council Plan is the overarching document that helps the Council to focus its resources and drive improvement. The Council Plan 2023/28 sets out the Council's priorities and the significant things that the Council aims to achieve over the duration of the Plan. Flintshire prides itself on being a Council which performs highly for its local communities, and one which is guided and motivated by a set of strong social values.

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

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

Public reports which measure progress against this document are published half yearly, with the outturn for the year 2023/24, reported to Cabinet on 25<sup>th</sup> September 2024.

## NARRATIVE REPORT

### FINANCIAL PERFORMANCE DURING THE YEAR

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

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

Approximately 71.5% of the funding requirement for Council services comes from Welsh Government through Aggregate External Funding (Revenue Support Grant and share of Non Domestic Rates Pool). In 2023/24, there was an increase in funding of 8.3% (the Welsh average increased by 7.9%). Despite the increase, the Council still faced significant cost pressures from factors outside of the Council's control such as inflation, policy directions or new legislation from UK and Welsh Government. The impact of funding not keeping pace with increasing costs has significant consequences and is expected to continue in future years, so the way that the Council addresses this challenge will need to be a key consideration in our Medium Term Financial Strategy (MTFS).

Despite this financial challenge, portfolio business plans and corporate financing options enabled us to plan for £9.265m of new cost reductions in our 2023/24 budget, enabling the Council to invest in priorities such as social care, out of county placements and homelessness demand.

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

#### Revenue outturn compared to approved budget 2023/24

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

The budget strategy for 2023/24 was based on an organisational strategy to reduce costs wherever possible to shield and protect local services. It included a package of measures and proposals which combined corporate financing options, portfolio level business plan proposals, review of pressures, as well as the maximisation of income generation and a review of reserves and balances.

## NARRATIVE REPORT

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

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

### Revenue Significant Movements

Significant variances include an overspend of £1.285m for Out of County Placements due to the service facing continued pressures and high demand for placements together with cost inflation on provider fee levels. The Housing Solutions service reflects a net overspend of £2.546m mainly due to pressures on temporary accommodation within hotels and bed and breakfast provision. The Central Loans and Investment Account (CLIA) reported an over recovery of income of £2.575m due to the Council minimising new short / long-term borrowing and continuing to invest a significant amount of short term cash on a day to day basis

### North Wales Economic Ambition Board

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

Further detail on the NWEAB can be found here:

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

## NARRATIVE REPORT

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

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

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

The Capital Works Team have continued to work with specialist Consultants in order to prepare a Decarbonisation strategy which is based on Welsh Government objectives to reduce Carbon Emissions. Welsh Government Grant Funding – “Optimised Retrofit Programme” (ORP) of £6.017m, has been utilised to fund a programme of retrofit works to trial energy efficiency measures, the findings of the 2-year trial have shown a reduction in energy costs to the contract holders.

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

The Council continues to take a proactive approach to monitoring rent arrears due to the increasing cost of living affecting tenants’ ability to pay rent on time and the potential loss of housing rent income. However, despite the early intervention and support offered to tenants, net rent arrears have increased to £2.263m at outturn compared with £2.171m the previous year. The HRA maintains a prudent level of reserves and a bad debt provision which should be sufficient to mitigate any losses in future years.



## NARRATIVE REPORT

### Capital Programme Budget, Outturn and Financing

Each year the Council approves a programme of capital works, which provides for investment in assets such as land, buildings and road improvements. The 2023/24 capital programme was approved to the sum of £62.498m (HRA £29.457m and Council Fund £33.041m); this figure changed during the course of the year to a final programme total of £76.025m, (HRA £23.530m and Council Fund £52.495m). Capital programme budget monitoring information was reported to Cabinet and Corporate Resources Overview and Scrutiny Committee on a quarterly basis throughout the year, with the final outturn reported on 23<sup>rd</sup> July 2024.

Capital expenditure incurred during the financial year is set out in the table below. Schemes and projects include investment in the Council's housing stock as part of the plan to maintain the WHQS and investment in schools which includes the Sustainable Communities for Learning programme.

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

The programme was financed as follows -

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

### Capital Significant Movements

In the Streetscene & Transportation portfolio, a feasibility study will be carried out in 2024/25 in relation to the Waste Transfer Station Project to help determine the direction of the project. The project is being supported by Welsh Government, who have commissioned Local Partnerships and WRAP Cymru to work with the Council to review its waste & recycling infrastructure and develop the outline business case.

## NARRATIVE REPORT

### Capitalisation Direction – Mockingbird Family Model

The Council is transforming its fostering service to meet the placement needs of looked after children, and avoid the escalating costs of external care provision, through the development of a 'Mockingbird Family Model'. The model replicates an 'extended family' around children and young people, promoting their sense of belonging and preventing placements breaking down. The costs of transforming the service gradually over a five year period will be funded by an interest free 'innovate to save loan' from Welsh Government which will be repaid. During the year £0.197m of revenue expenditure was incurred which was granted a capitalisation direction by Welsh Government as required under accounting practice for revenue expenditure to be funded by borrowing. The 'innovate to save' loan began to be drawn down in 2020/21.

### Strategic Housing and Regeneration Programme

The Council priority is to continue to grow the housing stock through the Strategic Housing and Regeneration Programme (SHARP). This approach is intended to meet the emerging and changing needs of Flintshire's population and the challenges faced through increased numbers of people on the housing register, Single Access Route to Housing (SARTH), as well as the shrinking private sector rental market. The Council is currently in year 8 of the SHARP. This ambitious plan aims to deliver 500 new homes which will be built at a range of sites across the county, a mixture of new council houses and affordable homes, alongside commissioning a range of linked regeneration initiatives and community benefits.

During the year, works were completed on the 3 sites that commenced in 2022/23 along with development works for new build properties at various sites across the County. 13 properties have been purchased utilising the Welsh Government Transitional Capital Programme Grant "TACP" along with funding to bring HRA long term void properties back into use. For 2024/25, there are development works on 5 sites which will deliver an additional 77 properties.

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

The Company's Strategic Business Plan aims to deliver an additional 74 units over the next three years which will bring the total number of properties owned and managed by NEW Homes to 247 by 2026/27. The Council has pre-approved loans to NEW Homes of up to £30.000m, in addition to a previous loan of £7.530m granted. Of this funding, £14.020m has been utilised to date, with the remaining £23.510m available to be drawn down for future schemes.

### Borrowing

The Council undertook £12.000m of long term borrowing from the Public Works Loan Board (PWLB) during 2023/24 to fund capital expenditure schemes including building new homes through the SHARP and the Sustainable Communities for Learning building programme. The Balance Sheet (long term) borrowing total of £294.364m includes the sum of £2.118m for interest free loans from Salix Finance Ltd, an independent company funded by the Carbon Trust to help improve energy efficiency in public sector buildings, loans totaling £1.725m from Welsh Government for regeneration initiatives in Deeside under the Vibrant and Viable Places Scheme and the loan for the Mockingbird Family Model.

The Council has a future borrowing requirement to fund the approved Capital Programme. This will need to be kept under continuous review during the next financial year and beyond with UK inflation and wage growth remaining elevated, although on a likely downward trend over the first half of 2024.

## NARRATIVE REPORT

### Financial Position as at 31<sup>st</sup> March 2024

#### Reserves and Provisions

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

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

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

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

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

At an early stage in the response phase to the pandemic, emergency funding was 'ring-fenced' from the contingency reserve to provide for the potential impacts of additional costs and losses of income arising from the pandemic. A balance of £3.743m remained at the start of the year. The reserve was retained as a safeguard against the continuation of covid sickness cover, addressing existing pressures such as homelessness and to continue to support our partner organisations as they deal with the impact of high energy costs and other uncontrollable factors. In 2023/24, £0.526m was claimed against the reserve, leaving a balance of £3.217m at the end of March 2024. This balance will be transferred to enhance the Base Level Reserves for the 2024/25 financial year as approved by Council when setting the Budget.

#### Cash Flow Management

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

Cash flow management was closely monitored throughout the year, with the Council working in partnership with other public sector organisations such as the Welsh Government, and Welsh Local Government Association, to ensure the stability of the Council's cash flow position. The work continues into the new financial year 2024/25.

## NARRATIVE REPORT

### Pension Liability

The pension deficit recorded in the balance sheet of £28.711m, has decreased by £49.012m during the year, as a result of changes to the financial assumptions used by the pension fund actuary. The main change in financial assumptions relate to an increase in the discount rate assumption from last year, decreasing the liability. These assumptions are determined by the actuary and reflect their view of the market conditions at the balance sheet date. Under accounting rules (IFRIC 14) the Council is not allowed to show a net pension asset. Therefore, the Council has applied an asset ceiling adjustment of £10.974m which will bring the asset of funded benefits on the balance sheet to nil. This does not apply to unfunded benefits.

The Council relies and places assurance on the professional judgement of the Clwyd Pension Fund's actuary and the assumptions used to calculate the deficit. Disclosures in Note 43 are in accordance with International Accounting Standard 19 (IAS 19), accounting in full for the pension liability, that is the total projected deficit over the life of the fund. IAS 19 has no impact on Council tax levels or housing finance, but the liability does impact on the net worth of the Council as reflected in the balance sheet total of £784.009m (£667.088m as at 31st March 2023).

### Revaluation of Non-Current Assets

All non-current assets must be revalued at least every five years. The Council meets this requirement by revaluing a proportion of the total asset portfolio each year and during 2023/24 (the fourth year of the current cycle, commencing 1<sup>st</sup> April 2020) 24% of operational non-dwelling assets were revalued. The exception to this arrangement is council dwellings which were all revalued in 2020/21.

The Council has considered the impact of the economy on various property markets and the valuation of its assets at the Balance Sheet date. The majority of the Council's non-current assets are operational assets used for service delivery and are valued based on their rebuild costs. During 2023/24 not all assets valued under the Depreciated Replacement Cost (DRC) basis have been valued, only those in the current cycle were revalued in line with our accounting policy. Those assets not revalued are included in the accounts at their current carrying value i.e. valuation at last revaluation date less subsequent depreciation charged. During the year there have been movements in build costs, consequently impacting the carrying value of assets. An indexation has been applied to existing asset valuations to ensure the Accounts are not materially misstated as at 31st March 2024. This exercise has been carried out for the Council's DRC assets and council dwellings using data sourced from the Building Cost Information Service (BCIS) and Land Registry.

### FINANCIAL OUTLOOK FOR THE COUNCIL

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

It is clear that the current financial outlook for the Council, in terms of Welsh Government funding and support for both revenue and capital expenditure, is uncertain in the medium term. Inflation has reduced over the last 12 months and with expectations of further drops in the coming months, the attention has refocused on when the first cut in Bank Interest Rates will occur. Despite signs that activity may be picking up, economic growth is weak but wage growth, core and service inflation remain high. The Council also expects to continue to see increasing pressures and demands across all services.

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

## **NARRATIVE REPORT**

### **PRINCIPAL RISKS AND UNCERTAINTIES**

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

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

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

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

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

### **CHANGE IN ACCOUNTING POLICIES**

Minor changes to accounting policies have been made during 2023/24 to reflect changes in the Code of Practice.

### **FURTHER INFORMATION**

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


## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

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

Signed :



**Brian Harvey**  
Chair of the Governance and Audit Committee

Date :

25 November 2024

### THE CHIEF FINANCE OFFICER'S RESPONSIBILITIES

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

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

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

The Chief Finance Officer has also:

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

The Statement of Accounts presents a true and fair view of the financial position of the Council at 31<sup>st</sup> March 2024, and its income and expenditure for the year then ended.

Signed:



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

Date:

25<sup>th</sup> November 2024

## EXPENDITURE AND FUNDING ANALYSIS

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

2023/24

	Net Portfolio Final Outturn Reported £000	Adjustments for Movements (to)/from Earmarked Reserves £000	Net Expenditure Chargeable to Council Fund/HRA Reserves £000	Adjustments between Funding & Accounting Basis £000	Net Expenditure - CIES £000
Chief Executive's	1,660	0	1,660	(72)	1,588
Education & Youth	129,267	5,895	135,162	(5,152)	130,010
Governance	11,567	(212)	11,355	1,302	12,657
Housing & Communities	18,600	(347)	18,253	(9,906)	8,346
People & Resources	4,488	304	4,792	(269)	4,523
Planning, Environment & Economy	6,775	71	6,846	571	7,416
Social Services	103,658	1,272	104,930	(1,750)	103,180
Streetscene & Transportation	43,477	721	44,198	5,535	49,733
Central & Corporate Finance	23,407	1,150	24,557	(19,932)	4,625
Capital Programme & Assets	10,688	1,122	11,810	5,754	17,564
Housing Revenue Account (HRA)	274	(1,098)	(824)	(11,245)	(12,069)
<b>Cost of services</b>	<b>353,861</b>	<b>8,878</b>	<b>362,739</b>	<b>(35,164)</b>	<b>327,573</b>
Other Income and Expenditure	(352,121)	0	(352,121)	(5,129)	(357,250)
<b>(Surplus)/deficit on the provision of services</b>	<b>1,740</b>	<b>8,878</b>	<b>10,618</b>	<b>(40,293)</b>	<b>(29,677)</b>
<b>Opening Council Fund / HRA Reserves</b>			<b>56,196</b>		
In Year Revenue Surplus / (Deficit)					
Council Fund			(11,442)		
HRA			824		
<b>Closing Council Fund / HRA Reserves</b>			<b>45,578</b>		

2022/23

	Net Portfolio Final Outturn Reported £000	Adjustments for Movements (to)/from Earmarked Reserves £000	Net Expenditure Chargeable to Council Fund/HRA Reserves £000	Adjustments between Funding & Accounting Basis £000	Net Expenditure - CIES £000
Chief Executive's	1,606	0	1,606	217	1,823
Education & Youth	122,789	7,052	129,841	15,814	145,655
Governance	10,684	912	11,596	2,886	14,482
Housing & Communities*	15,003	(1,360)	13,643	(9,336)	4,307
People & Resources	4,542	15	4,557	916	5,473
Planning, Environment & Economy	6,871	253	7,124	1,683	8,807
Social Services	90,933	(405)	90,528	6,244	96,772
Streetscene & Transportation	40,913	518	41,431	7,825	49,256
Central & Corporate Finance	20,583	1,883	22,466	(18,073)	4,393
Capital Programme & Assets**	9,745	50	9,795	3,183	12,978
Housing Revenue Account (HRA)	(1,320)	82	(1,238)	(24,513)	(25,751)
<b>Cost of services</b>	<b>322,349</b>	<b>9,000</b>	<b>331,349</b>	<b>(13,154)</b>	<b>318,195</b>
Other Income and Expenditure	(326,682)	0	(326,682)	9,787	(316,895)
<b>(Surplus)/deficit on the provision of services</b>	<b>(4,333)</b>	<b>9,000</b>	<b>4,667</b>	<b>(3,367)</b>	<b>1,300</b>
<b>Opening Council Fund / HRA Reserves</b>			<b>60,864</b>		
In Year Revenue Surplus / (Deficit)					
Council Fund			(5,906)		
HRA			1,238		
<b>Closing Council Fund / HRA Reserves</b>			<b>56,196</b>		

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

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

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

	Note	2023/24		2022/23			
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
		£000	£000	£000	£000	£000	£000
<b>Service Expenditure Analysis</b>							
Chief Executive's		1,676	(89)	1,587	1,888	(65)	1,823
Education & Youth		167,373	(37,362)	130,011	182,391	(36,736)	145,655
Governance		14,764	(2,108)	12,656	16,581	(2,099)	14,482
Housing & Communities*		45,802	(37,455)	8,347	42,358	(38,051)	4,307
People & Resources		5,162	(639)	4,523	5,998	(525)	5,473
Planning, Environment & Economy		13,781	(6,364)	7,417	15,873	(7,066)	8,807
Social Services		137,359	(34,179)	103,180	127,562	(30,790)	96,772
Streetscene & Transportation		78,018	(28,285)	49,733	74,770	(25,514)	49,256
Central & Corporate Finance		5,468	(843)	4,625	6,905	(2,511)	4,394
Capital Programme & Assets**		21,202	(3,638)	17,564	15,990	(3,012)	12,978
HRA		30,704	(42,774)	(12,070)	13,082	(38,833)	(25,751)
<b>Cost of services</b>		<b>521,309</b>	<b>(193,736)</b>	<b>327,573</b>	<b>503,398</b>	<b>(185,202)</b>	<b>318,196</b>
Other Operating Expenditure	4			35,609			33,316
Financing and Investment (Income) and Expenditure	5			11,515			16,687
Taxation and Non-Specific Grant (Income)	6			(404,374)			(366,899)
<b>(Surplus)/deficit on the provision of services</b>	<b>3</b>			<b>(29,677)</b>			<b>1,300</b>
(Surplus)/deficit arising on revaluation of non-current assets				(40,359)			(15,505)
(Surplus)/deficit arising on revaluation of available-for-sale financial assets				0			0
Actuarial (gains) or losses on pension assets and liabilities				(46,884)			(312,290)
<b>Total comprehensive (income) and expenditure</b>				<b>(116,920)</b>			<b>(326,495)</b>

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

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



## MOVEMENT IN RESERVES STATEMENT

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

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

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

Note	Council Fund Reserves £000	HRA Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves of the Council £000
<b>At 31st March 2023</b>	<b>49,720</b>	<b>6,477</b>	<b>19,149</b>	<b>15,142</b>	<b>90,488</b>	<b>576,600</b>	<b>667,088</b>
In year movement in reserves							
Total comprehensive income and expenditure	14,535	15,141	0	0	29,676	87,244	116,920
Adjustments between accounting and funding basis under regulations	7 (25,977)	(14,317)	(4,136)	(2,707)	(47,137)	47,137	0
<b>Increase/(decrease) in year</b>	<b>(11,442)</b>	<b>824</b>	<b>(4,136)</b>	<b>(2,707)</b>	<b>(17,461)</b>	<b>134,382</b>	<b>116,920</b>
<b>At 31st March 2024</b>	<b>38,278</b>	<b>7,301</b>	<b>15,013</b>	<b>12,435</b>	<b>73,027</b>	<b>710,982</b>	<b>784,009</b>

Note	Council Fund Reserves £000	HRA Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves of the Council £000
<b>At 31st March 2022</b>	<b>55,626</b>	<b>5,239</b>	<b>17,958</b>	<b>15,043</b>	<b>93,866</b>	<b>246,726</b>	<b>340,592</b>
In year movement in reserves							
Total comprehensive income and expenditure	(29,191)	27,891	0	0	(1,300)	327,795	326,495
Adjustments between accounting and funding basis under regulations	7 23,285	(26,653)	1,190	99	(2,079)	2,079	0
<b>Increase/(decrease) in year</b>	<b>(5,906)</b>	<b>1,238</b>	<b>1,190</b>	<b>99</b>	<b>(3,379)</b>	<b>329,874</b>	<b>326,495</b>
<b>At 31st March 2023</b>	<b>49,720</b>	<b>6,477</b>	<b>19,149</b>	<b>15,142</b>	<b>90,488</b>	<b>576,600</b>	<b>667,088</b>

## BALANCE SHEET

		31 March 2024		31 March 2023	
	Note	£000	£000	£000	£000
<b>NON-CURRENT ASSETS</b>					
<b>Property, Plant &amp; Equipment</b>	<b>8</b>				
Council dwellings		328,606		301,283	
Other land and buildings		499,539		471,600	
Vehicles, plant, furniture and equipment		19,768		20,212	
Surplus assets		3,327		4,319	
Infrastructure assets		156,361		156,994	
Community assets		5,524		5,408	
Assets under construction		44,705		16,160	
<b>Total Property, Plant &amp; Equipment</b>			<b>1,057,830</b>		<b>975,976</b>
Investment properties and agricultural estate	<b>9</b>		29,340		29,092
Long term investments	<b>11</b>		3,659		3,659
Long term debtors	<b>12</b>		11,802		11,999
<b>NON-CURRENT ASSETS TOTAL</b>			<b>1,102,631</b>		<b>1,020,726</b>
<b>CURRENT ASSETS</b>					
Inventories		833		713	
Short term debtors (net of impairment provision)	<b>13</b>	77,775		79,110	
Short term investments	<b>14</b>	5,083		5,054	
Cash and cash equivalents	<b>15</b>	31,099		27,607	
Assets held for sale	<b>10</b>	513		306	
<b>CURRENT ASSETS TOTAL</b>			<b>115,303</b>		<b>112,790</b>
<b>CURRENT LIABILITIES</b>					
Borrowing repayable on demand or within 12 months	<b>16</b>	(44,204)		(19,908)	
Short term creditors	<b>17</b>	(48,798)		(56,861)	
Provision for accumulated absences	<b>19</b>	(4,151)		(6,722)	
Deferred liabilities	<b>40</b>	(654)		(621)	
Grants receipts in advance	<b>18</b>	(5,097)		(3,737)	
Provisions	<b>19</b>	(58)		(52)	
<b>CURRENT LIABILITIES TOTAL</b>			<b>(102,962)</b>		<b>(87,901)</b>
<b>NON-CURRENT LIABILITIES</b>					
Long term creditors	<b>17</b>	(1,185)		(1,140)	
Long term borrowing	<b>20</b>	(294,364)		(290,201)	
Deferred liabilities	<b>40</b>	(1,474)		(2,128)	
Provisions	<b>19</b>	(1,106)		(1,067)	
Other long term liabilities	<b>43</b>	(28,711)		(77,723)	
Grants receipts in advance	<b>18</b>	(4,123)		(6,268)	
<b>NON-CURRENT LIABILITIES TOTAL</b>			<b>(330,963)</b>		<b>(378,527)</b>
<b>NET ASSETS</b>			<b>784,009</b>		<b>667,088</b>

## BALANCE SHEET

	Note	31 March 2024		31 March 2023	
		£000	£000	£000	£000
<b>USABLE RESERVES</b>					
Capital Receipts Reserve		15,013		19,149	
Capital Grants Unapplied		12,435		15,142	
Council Fund		15,271		19,162	
Earmarked Reserves	21	23,007		30,558	
HRA		7,301		6,477	
<b>USABLE RESERVES TOTAL</b>			<b>73,027</b>		<b>90,488</b>
<b>UNUSABLE RESERVES</b>					
Revaluation Reserve	22	231,312		200,081	
Capital Adjustment Account	22	516,775		465,567	
Financial Instruments Adjustment Account	22	(4,292)		(4,652)	
Pensions Reserve	22	(28,711)		(77,723)	
Deferred Capital Receipts		49		49	
Accumulated Absences Account	22	(4,151)		(6,722)	
<b>UNUSABLE RESERVES TOTAL</b>			<b>710,982</b>		<b>576,600</b>
<b>TOTAL RESERVES</b>			<b>784,009</b>		<b>667,088</b>

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

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

## CASH FLOW STATEMENT

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### INTRODUCTION TO NOTES

The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) and the Council's accounting policies. The notes that follow set out supplementary information to assist readers of the accounts.

### 1. NOTE TO EXPENDITURE AND FUNDING ANALYSIS

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

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

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

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

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

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

### **c. Other Adjustments**

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 2. SEGMENTAL INCOME AND EXPENDITURE

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

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

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

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

### 3. INCOME AND EXPENDITURE ANALYSED BY NATURE

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 4. OTHER OPERATING EXPENDITURE

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

### 5. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

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

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

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

#### Council Tax

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

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

The tax base is the total of all the properties in each band expressed as Band 'D' equivalent numbers and adjusted for exemptions, discounts and disregards. Allowances are also made within the tax base for bad or doubtful debts. The tax base for 2023/24 was 65,815 Band 'D' equivalent properties (65,194 in 2022/23).



## NOTES TO THE CORE FINANCIAL STATEMENTS

The Flintshire County Council precept for a Band 'D' property in 2023/24 was £1,521.33 (£1,449.58 in 2022/23). Council tax bills were based on the following multipliers for bands A- to I -

Band	A-	A	B	C	D	E	F	G	H	I
Multiplier	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9
No. of equivalent Band 'D' dwellings	8.06	2,328.17	6,338.89	16,247.11	11,954.41	12,267.75	10,345.83	4,971.67	1,113.50	445.67

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

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

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

### Non-Domestic Rates (NDR)

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

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

### Analysis of the net proceeds from NDR -

	2023/24	2022/23
	£000	£000
NDR collected	55,098	58,610
Less - Paid into NDR pool	(58,736)	(61,251)
Less - Cost of collection	(430)	(350)
(Increase)/Decrease in bad debts provision	(21)	(64)
Relief Schemes	4,089	3,055
	<u><b>0</b></u>	<u><b>0</b></u>
Receipts from pool	<u>50,840</u>	<u>55,650</u>
	<u><b>50,840</b></u>	<u><b>55,650</b></u>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 7. ADJUSTMENTS BETWEEN ACCOUNTING AND FUNDING BASIS UNDER REGULATIONS

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

	Usable Reserves				Unusable Reserves
	Council Fund Balance	HRA	Capital Receipts Reserve	Capital Grants Unapplied	
2023/24	£000	£000	£000	£000	£000
<b>Adjustments involving the Capital Adjustment Account:</b>					
<i>Reversal of items debited or credited to the CIES:</i>					
Charges for depreciation and impairment of non current assets	9,840	8,473	0	0	(18,313)
Revaluation losses on property, plant and equipment	3,226	89	0	0	(3,315)
Movements in the market value of investment properties	(686)	0	0	0	686
Capital grants and contributions applied	0	0	0	(44,038)	44,038
REFCUS	6,407	0	0	0	(6,407)
Soft loan accounting adjustments	(103)	0	0	0	103
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	453	55	0	0	(508)
<i>Inclusion of items not debited or credited to the CIES:</i>					
Statutory provision for the financing of capital investment	(4,704)	(1,681)	0	0	6,385
Capital expenditure charged against the Council Fund and HRA balances	(1,087)	(12,752)	0	0	13,839
<b>Adjustments involving the Capital Grants Unapplied Account:</b>					
Capital grants and contributions unapplied credited to CIES	(33,063)	(8,268)	0	41,331	0
<b>Adjustments involving the Capital Receipts Reserve:</b>					
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(1,264)	(171)	1,736	0	(301)
Use of the Capital Receipts Reserve to finance new capital expenditure or repay debt	0	0	(5,872)	0	5,872
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>					
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(359)	0	0	0	359
<b>Adjustments involving the Pensions Reserve:</b>					
Reversal of items relating to retirement benefits debited or credited to the CIES	22,492	1,337	0	0	(23,829)
Employer's pensions contributions and direct payments to pensioners payable in the year	(24,549)	(1,408)	0	0	25,957
<b>Adjustment involving the Accumulated Absences Account:</b>					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(2,581)	10	0	0	2,571
<b>Adjustments between accounting &amp; funding basis under regulations</b>	<b>(25,978)</b>	<b>(14,316)</b>	<b>(4,136)</b>	<b>(2,707)</b>	<b>47,137</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

	Usable Reserves				Unusable Reserves
	Council Fund Balance	HRA	Capital Receipts Reserve	Capital Grants Unapplied	
2022/23	£000	£000	£000	£000	£000
<b>Adjustments involving the Capital Adjustment Account:</b>					
<b>Reversal of items debited or credited to the CIES:</b>					
Charges for depreciation and impairment of non current assets	13,301	(6,444)	0	0	(6,857)
Revaluation losses on property, plant and equipment	11,352	49	0	0	(11,401)
Movements in the market value of investment properties	(3,292)	0	0	0	3,292
Capital grants and contributions applied	0	0	0	(30,344)	30,344
REFCUS	4,950	0	0	0	(4,950)
Soft loan accounting adjustments	(177)	0	0	0	177
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	2,332	31	0	0	(2,362)
<b>Inclusion of items not debited or credited to the CIES:</b>					
Statutory provision for the financing of capital investment	(4,436)	(1,610)	0	0	6,046
Capital expenditure charged against the Council Fund and HRA balances	(1,695)	(12,566)	0	0	14,261
<b>Adjustments involving the Capital Grants Unapplied Account:</b>					
Capital grants and contributions unapplied credited to CIES	(22,810)	(7,633)	0	30,442	0
<b>Adjustments involving the Capital Receipts Reserve:</b>					
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(2,487)	(105)	2,813	0	(221)
Use of the Capital Receipts Reserve to finance new capital expenditure or repay debt	0	0	(1,622)	0	1,622
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>					
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(359)	0	0	0	359
<b>Adjustments involving the Pensions Reserve:</b>					
Reversal of items relating to retirement benefits debited or credited to the CIES	50,585	2,997	0	0	(53,582)
Employer's pensions contributions and direct payments to pensioners payable in the year	(25,109)	(1,400)	0	0	26,509
<b>Adjustment involving the Accumulated Absences Account:</b>					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,131	28	0	0	(1,159)
<b>Adjustments between accounting &amp; funding basis under regulations</b>	<b>23,285</b>	<b>(26,653)</b>	<b>1,190</b>	<b>99</b>	<b>2,079</b>

## 8. PROPERTY, PLANT AND EQUIPMENT

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

The Council's asset valuations are based on guidance from the Royal Institution of Chartered Surveyors (RICS) Red Book Global. Less certainty and a higher degree of caution should be attached to our valuation than would normally be the case. During the year there have been significant movements in build costs, consequently impacting the carrying value of assets. An additional revaluation exercise has been carried out on existing asset valuations to ensure the Accounts are not materially misstated as at 31<sup>st</sup> March 2024. This exercise has been carried out for the Council's Depreciated Replacement Cost (DRC) assets and council dwellings using data sources from the Building Cost Information Service (BCIS) and Land Registry.

### Movements 2023/24

	Council Dwellings & Garages	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Community Assets	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>							
At 1st April, 2023*	301,302	488,371	35,672	5,482	5,408	16,160	852,395
Additions and Acquisitions	22,226	7,696	4,830	4	121	22,054	56,931
Revaluation increases / (decreases) recognised in the Revaluation Reserve	6,671	21,684	0	10	0	0	28,365
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(7,797)	6,333	0	(1)	0	0	(1,465)
Assets Derecognised	(55)	0	(510)	(998)	0	0	(1,563)
Reclassifications	0	(12,051)	0	(1,008)	0	12,851	(208)
Other movements in cost or valuation	6,278	82	0	0	0	(6,360)	0
<b>At 31st March 2024</b>	<b>328,625</b>	<b>512,115</b>	<b>39,992</b>	<b>3,489</b>	<b>5,529</b>	<b>44,705</b>	<b>934,455</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1st April, 2023 *	(19)	(16,771)	(15,460)	(1,163)	0	0	(33,413)
Depreciation charge	(4,980)	(16,245)	(5,274)	(44)	(5)	0	(26,548)
Depreciation written out to the Revaluation Reserve	20	13,910	0	78	0	0	14,008
Depreciation written out to the Surplus/Deficit on the Provision of Services	4,961	1,624	0	0	0	0	6,585
Impairments written out to the Revaluation Reserve	14	2,306	0	(17)	0	0	2,303
Impairments recognised in the Revaluation Reserve	(14)	(4,297)	0	(4)	0	0	(4,315)
Reversal of Impairments recognised in the Surplus/Deficit	21,151	6,298	0	17	0	0	27,466
Impairments written out to Surplus/Deficit on the Provision of Services	4,672	2,912	0	0	0	0	7,584
Impairments recognised in the Surplus/Deficit on the Provision of Services	(25,824)	(2,313)	0	(12)	0	0	(28,149)
Assets Derecognised	0	0	510	983	0	0	1,493
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0
<b>At 31st March 2024</b>	<b>(19)</b>	<b>(12,576)</b>	<b>(20,224)</b>	<b>(162)</b>	<b>(5)</b>	<b>0</b>	<b>(32,986)</b>
<b>Balance Sheet at 31st March 2024</b>	<b>328,606</b>	<b>499,539</b>	<b>19,768</b>	<b>3,327</b>	<b>5,524</b>	<b>44,705</b>	<b>901,469</b>
<b>Balance Sheet at 1st April 2023</b>	<b>301,283</b>	<b>471,600</b>	<b>20,212</b>	<b>4,319</b>	<b>5,408</b>	<b>16,160</b>	<b>818,982</b>
<b>Nature of Asset Holding</b>							
Owned	328,606	499,539	18,266	3,327	5,524	44,705	899,967
Finance Lease	0	0	1,502	0	0	0	1,502
<b>At 31st March 2024</b>	<b>328,606</b>	<b>499,539</b>	<b>19,768</b>	<b>3,327</b>	<b>5,524</b>	<b>44,705</b>	<b>901,469</b>

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Movements 2022/23

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

### Fair Value Measurement of Surplus Assets

Details of the Council's surplus assets and information about the fair value hierarchy as at 31<sup>st</sup> March is as follows -

	<b>Quoted prices in active markets for identical assets (Level 1) £000</b>	<b>Other significant observable inputs (Level 2) £000</b>	<b>Significant unobservable inputs (Level 3) £000</b>	<b>Fair Value as at 31 March £000</b>
2023/24 Surplus Assets	0	684	2,642	<b>3,326</b>
2022/23 Surplus Assets	0	800	3,519	<b>4,319</b>

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

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

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

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

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 9. INVESTMENT PROPERTIES AND AGRICULTURAL ESTATE

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

#### Fair Value Measurement of Investment Property

Details of the Council's investment properties and information about the fair value hierarchy as at 31<sup>st</sup> March is as follows -

	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair Value as at 31 March £000
<b>2023/24</b>				
Commercial and Industrial Estates	0	0	14,784	14,784
Agricultural Estate - Farms	0	12,211	0	12,211
Agricultural Estate - Grazing land	0	0	2,345	2,345
	<b>0</b>	<b>12,211</b>	<b>17,129</b>	<b>29,340</b>
<b>2022/23</b>				
Commercial and Industrial Estates	0	0	15,311	15,311
Agricultural Estate - Farms	0	11,380	0	11,380
Agricultural Estate - Grazing land	0	0	2,401	2,401
	<b>0</b>	<b>11,380</b>	<b>17,712</b>	<b>29,092</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

The fair value of the Council's investment property is measured annually at each reporting date. In 2023/24 the Council's farms and smallholdings were valued by an external valuer, with the remainder of the valuations carried out by the Council's internal valuers.

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

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

#### Significant Observable Inputs – Level 2

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

#### Significant Unobservable Inputs – Level 3

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

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

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

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

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

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

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

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



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 10. ASSETS HELD FOR SALE

	Council Dwellings & Garages £000	Other Property, Plant & Equipment £000	Investment Properties £000	Total £000
<b>At 1st April 2023</b>	0	231	75	306
Additions	0	0	0	0
Assets newly classified as held for sale	0	300	0	300
Assets declassified as held for sale	0	(93)	0	(93)
<b>Net Reclassifications</b>	<b>0</b>	<b>207</b>	<b>0</b>	<b>207</b>
Impairments	0	0	0	0
Revaluation gains	0	0	0	0
Revaluation losses	0	0	0	0
<b>Net Revaluations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Assets sold	0	0	0	0
<b>At 31st March 2024</b>	<b>0</b>	<b>438</b>	<b>75</b>	<b>513</b>

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

### Fair Value Measurement of Assets Held for Sale

Details of the Council's assets held for sale and information about the fair value hierarchy as at 31<sup>st</sup> March is as follows -

	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair Value as at 31 March £000
2023/24 Assets Held for Sale	0	0	513	513
2022/23 Assets Held for Sale	0	0	306	306

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

### Significant Unobservable Inputs – Level 3

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

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

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

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

## 11. LONG TERM INVESTMENTS

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

## 12. LONG TERM DEBTORS

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 13. SHORT TERM DEBTORS

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

#### Analysis of age of Council Tax debt -

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

### 14. SHORT TERM INVESTMENTS

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 15. CASH AND CASH EQUIVALENTS

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

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

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

### 17. CREDITORS

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 18. GRANT INCOME

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

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

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

#### Credited to Services

WG

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

\*included with LA Education Grant for 2023/24.

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Grants and Contributions Received in Advance

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

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

### 19. PROVISIONS

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Accumulated Absences

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

### 20. LONG TERM BORROWING

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

### 21. USABLE RESERVES

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

Earmarked reserves are made up of the following -

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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



## NOTES TO THE CORE FINANCIAL STATEMENTS

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

Movement between earmarked reserves is summarised in the following table -

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 22. UNUSABLE RESERVES

The details of movements on unusable reserves are as follows -

#### Revaluation Reserve

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

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

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

	2023/24		2022/23	
	£000	£000	£000	£000
Balance at 1st April		200,081		192,915
Upward revaluation of assets	49,906		45,729	
Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	<u>(9,546)</u>		<u>(30,224)</u>	
Surplus or (deficit) on revaluation of non-current assets not posted to the surplus/deficit on the provision of services		40,360		15,505
Difference between fair value depreciation and historical cost depreciation	(8,865)		(8,060)	
Accumulated gains on assets sold or scrapped	(15)		(279)	
Adjustment*	<u>(249)</u>		<u>0</u>	
Amount written off to the capital adjustment account		(9,129)		(8,339)
<b>Balance at 31st March</b>		<u><b>231,312</b></u>		<u><b>200,081</b></u>

\*Correction to manual adjustments made within the 2022/23 accounts to correspond with asset register

#### Financial Instruments Adjustment Account

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Pensions Reserve

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

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

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

	<b>2023/24</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
Balance at 1st April	(77,723)	(362,940)
Return on plan assets	37,577	(66,432)
Actuarial gains and (losses)	20,286	378,678
Net charges to surplus / deficit on provision of services	(23,829)	(53,582)
Employers' contributions payable to the scheme	25,957	26,509
Flintshire County Council's share of the remeasurements of the net pension defined benefit asset relating to NWEAB	(5)	44
Asset Ceiling Adjustment	(10,974)	0
<b>Balance at 31st March</b>	<b><u>(28,711)</u></b>	<b><u>(77,723)</u></b>

### Accumulated Absences Account

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

	<b>2023/24</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
Balance at 1st April	(6,722)	(5,563)
Settlement or cancellation of accrual made at the end of the preceding year	6,722	5,563
Amounts accrued at the end of the current year	<u>(4,151)</u>	<u>(6,722)</u>
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	2,571	(1,159)
<b>Balance at 31st March</b>	<b><u>(4,151)</u></b>	<b><u>(6,722)</u></b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Capital Adjustment Account

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

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

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

	2023/24		2022/23	
	£000	£000	£000	£000
Balance at 1st April		465,567		427,276
Reversal of items relating to capital expenditure debited or credited to the CIES:				
- Charges for depreciation and impairment of non-current assets		(18,313)		(6,858)
- Revaluation losses on Property, Plant & Equipment		(3,315)		(11,401)
- Movements in the market value of investment properties debited or credited to the CIES		686		3,292
- REFCUS		(6,407)		(4,950)
- Soft loan accounting adjustments		103		177
- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES		(509)		(2,362)
		<u>(27,756)</u>		<u>(22,102)</u>
Adjusting amounts written out of the Revaluation Reserve		<u>9,129</u>		<u>8,340</u>
Net written out amount of the cost of non-current assets consumed in the year		(18,626)		(13,762)
Capital financing applied in the year:				
- Use of the capital receipts reserve to finance capital expenditure		5,672		1,428
- Capital grants and contributions credited to the CIES that have been applied to capital financing		44,038		30,344
- Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances		6,385		6,046
- Capital expenditure charged against the Council Fund and HRA balances		13,840		14,261
- Use of the capital receipts reserve to repay debt		200		195
Long term debtors adjustments - Loan repayments		(301)		(221)
		69,834		52,053
<b>Balance at 31st March</b>		<u><b>516,775</b></u>		<u><b>465,567</b></u>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 23. CASH FLOW STATEMENT - OPERATING ACTIVITIES

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

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

### 24. CASH FLOW STATEMENT - INVESTING ACTIVITIES

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

### 25. CASH FLOW STATEMENT - FINANCING ACTIVITIES

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 26. OFFICERS' REMUNERATION

#### Senior Employee Emoluments

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

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

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

**Note 1 :** Remuneration does not include any amounts received for Returning Officer and Deputy Returning Officer roles at elections (costs for national, regional, local elections and referenda reimbursed by respective Government based on a nationally set payment formula) .

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

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

The Accounts and Audit (Wales) Regulations 2014 (as amended) also require disclosure of the ratio of remuneration between the Chief Executive and the median full time equivalent earner (£24,711); for 2023/24 this was 1:5.84 (for 2022/23 this was 1:5.95).

### Exit Packages

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

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

Exit Package Cost Band	Compulsory Redundancies		Other Departures Agreed		Total Exit Packages by Cost Band		Total Exit Packages in Each Band	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
	No.	No.	No.	No.	No.	No.	£	£
£0 - £20,000	17	29	0	0	17	29	160,554	40,080
£20,001 - £40,000	18	2	0	0	18	2	517,077	53,738
£40,001 - £60,000	4	0	0	0	4	0	195,918	0
	<b>39</b>	<b>31</b>	<b>0</b>	<b>0</b>	<b>39</b>	<b>31</b>	<b>873,549</b>	<b>93,818</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 27. MEMBERS' ALLOWANCES

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

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

### 28. RELATED PARTIES

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

#### Welsh and Central Government

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

#### Members

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

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

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

Transactions greater than £0.100m are shown below -

No. of Members declaring an interest			Paid		Receipts		Owed by the Council		Owed to the Council	
2023/24	2022/23	Interest	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
			£000	£000	£000	£000	£000	£000	£000	£000
1	2	Domestic Abuse Safety Unit	410	337	0	0	34	0	0	0
1	1	Citizens Advice Bureau (CAB)	475	488	0	0	128	0	0	0
1	1	Welsh Border Community Transport (WBCT)	205	190	0	0	0	0	0	0
2	5	Theatr Clwyd	455	3,372	(3)	118	97	0	0	6



## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

Transactions greater than £0.100m are shown below -

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

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

### Officers

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

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

### Community Asset Transfer (CAT)

A number of Members and Senior Officers have an interest in local community groups involved in the Council's CAT scheme. The scheme involves leasehold transfer (at nominal value) of specific Council assets to organisations with a social purpose who plan to use the assets for the benefit of the local community. The assets have remained on the Council's Balance Sheet and have a combined net book value of £14.146m (£14.143m in 2022/23).

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

	2023/24	2022/23
	£000	£000
Grants awarded	498	305
Payments	153	67
Amounts owed by the Council	4	5
Amounts owed to the Council	1	3

## NOTES TO THE CORE FINANCIAL STATEMENTS

Transactions greater than £0.100m are shown below -

No. of Senior Officers declaring an interest		Interest	Grants paid		Other payments		Owed by the Council	
2023/24	2022/23		2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
			£000	£000	£000	£000	£000	£000
1	1	Married to a director of Cambrian Aquatics	117	71	91	20	4	3

### Subsidiaries

The Council has two wholly owned subsidiaries, NEW Homes and Newydd Catering and Cleaning Ltd. These are companies limited by shares and are included in the Council's group accounting boundary. NEW Homes has a loan facility with the Council, and as at 31st March 2024 this amounted to £13.250m (£13.451m at 31st March 2023).

Other transactions with subsidiaries are -

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

### Clwyd Pension Fund

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

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

Police and Crime Commissioners and Fire and Rescue Authorities set their own charges to council tax payers which are then included in the council tax bill – these charges are known as the precept. Total precepts paid to the Office of the North Wales Police and Crime Commissioner amounted to £21.922m (£20.653m in 2022/23).

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

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

Other transactions with these bodies are -

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

### Welsh Joint Education Committee

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

### Welsh Local Government Association

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

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

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

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

#### Contribution to Budget

Flintshire County Council	327	318
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Unit 3 is jointly owned by Flintshire County Council (50.25%) and Wrexham County Borough Council (49.75%). The premises are included in Flintshire County Council's Balance Sheet -

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 30. AUDIT FEES

External audit services were provided by Audit Wales.

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

\*2022/23 does not include an additional £0.008m paid in respect of additional audit work required on capital accounting and valuation issues identified.

### 31. POOLED BUDGETS FOR HEALTH AND SOCIAL CARE

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

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

	2023/24	2022/23
	£000	£000
<b>Care Homes for Older People</b>		
<b>Expenditure</b>		
Care home costs	126,922	111,032
	<b>126,922</b>	<b>111,032</b>
<b>Funding</b>		
Denbighshire County Council	(11,914)	(10,236)
Conwy County Borough Council	(18,182)	(15,864)
Flintshire County Council	(13,578)	(10,556)
Wrexham County Borough Council	(14,957)	(14,434)
Gwynedd County Council	(12,044)	(11,214)
Isle of Anglesey County Council	(7,214)	(5,708)
Betsi Cadwaladr University Health Board	(49,033)	(43,020)
	<b>(126,922)</b>	<b>(111,032)</b>
<b>(Surplus) / Deficit transferred to Reserve</b>	0	0

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 32. AGENCY SERVICES

Flintshire County Council is one of eight partners within the North and Mid Wales Trunk Road Agency (NMWTRA), the other partners being Anglesey, Conwy, Denbighshire, Gwynedd, Wrexham, Powys and Ceredigion Councils. The Streetscene & Transportation portfolio within Flintshire County Council undertakes trunk road work on behalf of NMWTRA for WG. Reimbursement for work carried out under the Trunk Road Agency Agreement amounted to £4.115m (£4.052m in 2022/23).

WG has provided funding to Welsh councils to provide recyclable loans under the Houses into Homes Schemes for the repair of properties which have been long term vacant, with the aim of bringing them back into use. They are treated as agency arrangements in the Council's Statement of Accounts. The first tranche of funding was given in perpetuity to the Council. Funding has also been provided relating to Home Improvement and Empty Properties Loans for works in making residential properties safe, warm and/or secure, with the funding to be returned between 6 and 11 years' time. Additional funding has also been received to support town centre regeneration in Flintshire. This funding is to be returned in 12 years' time.

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

The Council acts as agents on behalf of companies collecting water and sewerage charges from tenants living in Council owned dwellings (arrangement ceased in 2022/23). The Council also collects household contents insurance, for tenants' belongings if they wish. The Council is also an agent for collecting heating charges from tenants living in Council owned communal buildings.

Charges	Collected	Collected
	2023/24	2022/23
	£000	£000
Water and Sewerage	2	2,987
Household Contents Insurance	61	63
Heating	270	115

The Council acted as an agent on behalf of the North Wales region for the following grants. The portion of each grant relating to Flintshire County Council and included in the Council's CIES is also shown. In addition to the £1.950m funding received for the Bus Emergency Scheme/Bus Transition Fund (from July 2023), £5.150m was carried forward from 2022/23 as a receipt in advance. £0.367m is also owed from WG.

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

Grant title	Description	Funding received		Admin fee received	
		2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Childcare Offer Grant	Funding to provide free childcare for working parents of 3-4 year olds. Administered on behalf of Flintshire, Wrexham and Denbighshire.	3,491	9,639	352	337
Financial Recognition of Social Care Worker Scheme	£1,498 payment to care workers employed in eligible roles.	0	5,462	0	1
Statutory Sick Pay (SSP) enhancement scheme	Top-up of SSP to full pay for care workers when they can't work due to COVID-19.	0	154	0	0
Self-Isolation Support Payment Scheme	£500/£750 payment to individuals who are self-isolating as a result of exposure / potential exposure to COVID-19.	0	396	0	100
Income loss	Income loss claimed on behalf of Cambrian Aquatics, Aura Leisure & Libraries, NEWydd Catering & Cleaning Ltd, Holywell Leisure Centre and the Music Service.	0	90	0	0
Winter Fuel	£200 payment to eligible households to provide support towards paying their on-grid winter fuel bills.	96	3,095	0	60
Cost of Living Support Scheme	Funding to support households across Wales facing an unprecedented cost-of-living crisis, fuelled by soaring energy bills and household living costs.	0	6,871	0	233
Financial Support for Unpaid Carers	Payments to unpaid carers in receipt of Carers Allowance.	0	848	0	21
Energy Bills Support Scheme - Alternative Funding	Funding to provide support to households not eligible for the automatic Energy Bills Support Scheme (£400 payment paid by energy suppliers).	0	552	41	0
Alternative Fuel Payment - Alternative Fund	Funding to provide payments to households who use alternative fuel and who do not have a direct relationship with an electricity supplier to receive payment through the main scheme.	0	285	included with the Energy Bills Support Scheme admin fee	0
Ukraine Response Scheme - £200 emergency support payments, £350/£500 host support payments & £150 thank you payment top-ups	£200 payment per Ukrainian arrival. £350 (less than 12 months)/£500 (more than 12 months) per Ukrainian host per month. £150 top up host payments from WG when a Ukrainian arrival is less than 12 months (topped up from £350 to £500)	164	148	0	0

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

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

## NOTES TO THE CORE FINANCIAL STATEMENT

The Council also granted 75% (50% 2022/23) NDR rate relief to businesses in the retail, leisure and hospitality sectors. This rate relief was funded by Welsh Government and the Council's receipt from the NDR pool was not impacted. The Council's total receipt from the NDR pool was £50.840m (£55.650m in 2022/23). £4.089m (£3.055m 2022/23) was reimbursed to the Council for this rate relief. The Council also received £0.013m (£0.014m 2022/23) from WG for administering this relief.

### 33. OTHER FUNDS ADMINISTERED BY THE COUNCIL

In the Social Services portfolio, the Social Services for Adults Section maintain individual bank accounts for service users living in the community who are unable to manage their own financial affairs; individual members of the Deputyship team are approved to act as corporate appointee with the Department for Work and Pensions for each service user. The total amount held by the Council at 31<sup>st</sup> March 2024 was £6.823m in 392 separate accounts (£6.588m in 382 accounts in 2022/23).

The Social Services for Adults Section also manage bank accounts in relation to Supported Living Properties where service users live. The bank accounts are used to receipt housing benefit and any payments in relation to the property are paid from this bank account i.e. rent and utilities. The total amount held in these 47 accounts as at 31<sup>st</sup> March 2024 was £0.598m (£0.530m in 46 accounts in 2022/23).

### 34. CONTINGENT LIABILITIES

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

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

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

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

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

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

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

The Council is a member of a local government organisation which is being sued by Thurrock Council for failed investments. That legal action has been issued against 23 members of the organisation, including the Council, as representatives of the membership as a whole. The final value of the claim has yet to be settled because Thurrock Council is seeking recovery from the investment bodies in the first instance.

### 35. CONTINGENT ASSETS

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

### 36. CRITICAL JUDGEMENTS AND ASSUMPTIONS MADE

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



## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

### 37. PROVISION FOR REPAYMENT OF EXTERNAL LOANS

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 38. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the following table (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the capital financing requirement, a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The Council's capital financing requirement as at 31<sup>st</sup> March 2024 was £354.983m (£355.311m as at 31<sup>st</sup> March 2023).

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

### 39. FUTURE CAPITAL COMMITMENTS

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 40. LEASING

#### Lessee Rentals

#### Finance Leases

The Council has acquired a number of items of vehicles, plant and equipment under finance leases. The assets acquired under these leases are carried as property, plant and equipment in the Balance Sheet at the net amount of £1.502m (£2.048m 2022/23).

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

	31 March 2024	Repaid	New	31 March 2023
	£000	£000	£000	£000
Finance lease liabilities (net present value of the minimum lease payments):				
Current	654	33	0	621
Non-current	1,474	(654)	0	2,128
	<u>2,128</u>	<u>(621)</u>	<u>0</u>	<u>2,749</u>
Finance costs payable in future years	305	(220)	0	525
Minimum lease payments	<u>2,433</u>	<u>(841)</u>	<u>0</u>	<u>3,274</u>

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

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

Finance costs - the interest element of the minimum lease payments

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£000	£000	£000	£000
Not later than one year	818	841	654	621
Later than one year and not later than five years	1,614	2,433	1,474	2,128
Later than five years	0	0	0	0
	<u>2,432</u>	<u>3,274</u>	<u>2,128</u>	<u>2,749</u>

#### Operating Leases

Operating lease rentals paid are detailed below -

	2023/24	2022/23
Asset Classification	£000	£000
Land	79	65
Buildings	199	174
EFS Fleet Contract	3,879	3,020
Vehicles, plant and equipment	301	541
	<u>4,458</u>	<u>3,800</u>

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

	Land £000	Buildings £000	EFS Fleet Contract £000	Vehicles, Plant & Equipment £000	Total £000
Not later than one year	39	205	360	186	790
Later than one year and not later than five years	152	579	0	126	857
Later than five years *	1,167	1,562	0	100	2,829
	<b>1,358</b>	<b>2,346</b>	<b>360</b>	<b>412</b>	<b>4,476</b>

\* Any open ended agreements are calculated to 2035/36 in line with the general average life of the longest leases

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

### Lessor rentals

#### Operating leases

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

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

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

\* Any open ended agreements are calculated to 2035/36 in line with the general average life of the longest leases

### Finance leases

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 has introduced the following changes, amendments and interpretations to existing standards. They are mandatory for the Council's accounting periods beginning on or after 1<sup>st</sup> April 2024 or later periods and may require changes to accounting policies in next year's accounts, but the Council has chosen not to adopt them early.

- IFRS 16 (Leases) – will be mandatory for accounting periods beginning on or after 1<sup>st</sup> April 2024. The Council has decided not to adopt IFRS 16 in the 2023/24 year and therefore a disclosure has been included at the bottom of this note, as is the requirement for the 2023/24 financial statements, to outline the estimated impact of adopting this standard.
- Amendments to IFRS 16 (Lease Liability in a Sale and Leaseback) issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.
- Amendments to IAS 1 – (Classification of Liabilities as Current or Non-current) – issued in January 2020. The amendments:
  - specify that an entity's right to defer settlement must exist at the end of the reporting period,
  - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement ,
  - clarify how lending conditions affect classification, and
  - clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.
- Amendments to IAS 1 (Non-current Liabilities with Covenants) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.
- Amendments to IAS 12 (International Tax Reform: Pillar Two Model Rules) issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:
  - a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and
  - targeted disclosure requirements for affected entities.
- Amendments to IAS 7 and IFRS 7 (Supplier Finance Arrangements) issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to:
  - assess how supplier finance arrangements affect an entity's liabilities and cash flows, and
  - understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 42. FINANCIAL INSTRUMENTS

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

Short term creditors (Note 17) includes a further £15.162m (£21.343m in 2022/23) that does not meet the definition required for inclusion as a financial instrument.

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

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Material Soft Loans

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

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

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

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

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



## NOTES TO THE CORE FINANCIAL STATEMENTS

### Fair value of assets and liabilities carried at amortised cost

Financial assets and all non-derivative financial liabilities are carried in the Balance Sheet at amortised cost. Fair values of financial liabilities in the table below have been estimated by calculating the net present value of the remaining contractual cash flows at 31<sup>st</sup> March 2024, using the following methods and assumptions -

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

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

	Fair Value Level	31 March 2024		31 March 2023	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		£000	£000	£000	£000
<b>Financial liabilities</b>					
PWLB	2	279,025	270,705	271,540	260,929
LOBOs	2	18,950	20,368	18,950	20,552
Lease payables	3	2,128	2,217	2,748	2,894
		<b>300,103</b>	<b>293,290</b>	<b>293,238</b>	<b>284,375</b>
<b>Financial assets</b>					
Certificates of deposits	2	0	0	0	0

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

### Risk – liabilities

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Risk – loans and receivables

#### Long term investments -

- Investments of more than 1 year are referred to as non-specified investments because of the additional interest rate risk. There is a limit of £5m for long term investments and additional procedures for authorisation by the Corporate Finance Manager.
- Deposits with banks and building societies do carry some credit risk and this is managed by using three rating agencies. The Council uses the following criteria, and investments are made subject to the monetary and time limits shown.

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

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

The analysis below shows the financial effect of a 1% rise and fall in interest rates based on net borrowing as at 31<sup>st</sup> March 2024.

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

#### Other receivables

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Loans to subsidiaries

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

### 43. PENSIONS

#### Pensions – teachers

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

The Council contributes to the scheme by making contributions based on a percentage of teachers' pensionable salaries. In 2023/24 the Council paid £14.974m (£14.244m in 2022/23), which represents 23.68% (average) of teachers' pensionable pay (23.68% in 2022/23). The contributions due in 2024/25 are estimated to be £17.601m, 27.86% of teachers' pensionable pay.

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

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

#### Pensions - Other Employees

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

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

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Transactions relating to Retirement Benefits

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

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
<b>CIES</b>				
<b>Service Expenditure Analysis</b>				
Current service cost	19,652	42,897	0	0
Past service cost/(gain)	48	37	0	0
Curtailments	129	107	0	0
<b>Other Operating Expenditure</b>				
Administration expenses	882	827	0	0
<b>Financing and Investment Income and Expenditure</b>				
Net interest expense	1,704	8,628	1,414	1,086
<b>Net charge to surplus / deficit on the provision of services</b>	<b>22,415</b>	<b>52,496</b>	<b>1,414</b>	<b>1,086</b>
<b>Other Comprehensive Income and Expenditure</b>				
<b>Remeasurement of the net defined benefit liability</b>				
Return on plan assets	37,577	(66,432)	0	0
Actuarial gains and (losses) - experience gain or (loss)	(4,577)	(129,204)	(181)	(3,054)
Actuarial gains and (losses) - financial assumptions	13,127	466,108	137	9,272
Actuarial gains and (losses) - demographic assumptions	11,283	34,046	497	1,510
Asset Ceiling Adjustment	(10,974)	0	0	0
FCC's share of Other Comprehensive Income and Expenditure relating to NWEAB	(5)	44	0	0
<b>Net charge to Other Comprehensive Income and Expenditure</b>	<b>46,431</b>	<b>304,562</b>	<b>453</b>	<b>7,728</b>
<b>Net charge to Comprehensive Income and Expenditure</b>	<b>68,846</b>	<b>357,058</b>	<b>1,867</b>	<b>8,814</b>
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to surplus / deficit on the provision of services for retirement benefits in accordance with IAS 19	(22,415)	(52,496)	(1,414)	(1,086)
<b>Actual amount charged against the Council fund balance for pensions in the year</b>				
Employers' contributions payable to scheme	22,989	23,579	2,963	2,856
FCC's share of NWEAB charged against the Council Fund balance in year	5	74	0	0
<b>Net debit/(credit) to the Movement in Reserves Statement</b>	<b>579</b>	<b>(28,843)</b>	<b>1,549</b>	<b>1,770</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

	Present value of liabilities		Fair value of assets		Asset Ceiling Adjustment		Net liability arising from defined benefit obligation	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Local Government Pension Scheme	(837,377)	(825,989)	848,351	778,979	(10,974)	0	0	(47,010)
Discretionary Benefits Arrangements	(28,711)	(30,713)	0	0	0	0	(28,711)	(30,713)
	<b>(866,088)</b>	<b>(856,702)</b>	<b>848,351</b>	<b>778,979</b>	<b>(10,974)</b>	<b>0</b>	<b>(28,711)</b>	<b>(77,723)</b>
FCC's share of net liability relating to NWEAB							0	0
							<b>(28,711)</b>	<b>(77,723)</b>

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

Reconciliation of present value of the scheme liabilities -

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

Reconciliation of fair value of the LGPS assets -

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

The LGPS's assets consist of the following categories -

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

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

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

### Basis for estimating assets and liabilities

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

	<b>£000</b>
Net liability arising from defined benefit obligation (excluding asset ceiling impact)	(17,737)
<u>Illustration of net liability -changes in actuarial assumption/investment return</u>	
Longevity (increase in 1 year)	(40,024)
Rate of inflation (increase by 0.25%)	(50,546)
Rate of increase in salaries (increase by 0.25%)	(11,588)
Discount Rate (increase by 0.5%)	44,311
Change in 23/24 Investment Returns (increase by 1%)	2,216
Change in 23/24 Investment Returns (decrease by 1%)	(14,704)

### Impact on cash flows

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

The total contributions expected to be made to the LGPS by the Council in the year to 31<sup>st</sup> March 2025 are £18.153m.

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



## NOTES TO THE CORE FINANCIAL STATEMENTS

### Impact of 'McCloud' Judgement

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

### Virgin Media Court Case

In June 2023, the High Court found in the Virgin Media case that changes to member benefits in contracted out defined benefit pension schemes between 1996 and 2016 required an actuarial certificate in line with section 37 of the Pension Schemes Act 1993 and that changes without this certification are to be considered void. This requirement applies to past service rights and future service rights, and to changes to the detriment or benefit of scheme members. The judgement was appealed in June 2024 but the appeal was dismissed.

For the Local Government Pension Scheme, the Government Actuary's Department do not believe that there are any absent actuarial confirmations. Therefore, they do not expect any liability changes to arise following this judgement. The Government Actuary's Department will confirm that actuarial confirmations are available in due course.

### 44. EVENTS AFTER THE REPORTING PERIOD

The financial statements and notes have not been adjusted for the following events, which took place after 31 March 2024, as they provide information that is relevant to an understanding of the authority's financial position but do not relate to conditions at that date

Aura was established as a Community Benefit Society in 2017 to run the Council's leisure and libraries services. Aura have been eligible to receive grant funding from the Council and a funding agreement has been in place between the Council and Aura since 2017. The current funding agreements came to an end in October 2024. A new funding arrangement with Aura was not agreed and the Council has now set up a Local Authority Trading Company (LATC), Flintshire Libraries and Leisure Limited, to be responsible to deliver leisure and library services from November 2024. A estimate of the financial effect cannot be made.

## HOUSING REVENUE ACCOUNT - INCOME AND EXPENDITURE STATEMENT

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

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

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

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

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

### 1. LEGISLATION

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

### 2. HOUSING STOCK

The type and number of dwellings were -

	31 March 2024 No.	31 March 2023 No.
Houses	4,113	4,107
Flats	1,436	1,408
Maisonettes	10	10
Bungalows	1,805	1,805
	<b>7,364</b>	<b>7,330</b>

### 3. RENT ARREARS

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

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

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

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

### 4. NON-CURRENT ASSET ACCOUNTING

#### Capital Expenditure and Financing

HRA capital expenditure was incurred as follows;

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

Financed as follows -

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

#### MRA

Included within the capital grants and contributions total is the 2023/24 MRA allocation figure of £4.980m (£4.978m in 2022/23). The MRA allocation figure is included within the Taxation and Non-Specific Grant Income line in the CIES. This Welsh Government grant was fully used in 2023/24 in financing qualifying capital expenditure.

#### Capital Receipts

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

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

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

### Depreciation

Straight line depreciation is provided for on all HRA non-current assets with a finite useful life, other than for non-depreciable land. The charge is based on the 2023/24 opening net balance sheet valuations (valuation list less cumulative depreciation), with assumed nil residual values.

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

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

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

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

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

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

	2023/24 £000	2022/23 £000
<b>CIES</b>		
<b>Service Expenditure Analysis -</b>		
Current service cost	1,126	2,394
<b>Other Operating Expenditure -</b>		
Administration expenses	54	49
<b>Financing and Investment Income and Expenditure</b>		
Net interest expense	157	554
<b>Total HRA Charge</b>	<u>1,337</u>	<u>2,997</u>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to surplus / deficit on the provision of services for retirement benefits in accordance with IAS 19	(1,337)	(2,997)
<b>Actual amount charged against the HRA balance for pensions in the year:</b>		
Employers' contributions payable to scheme	1,408	1,400

## STATEMENT OF ACCOUNTING POLICIES

### General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31<sup>st</sup> March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 (as amended) which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise The Code supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### Accruals of Income and Expenditure

The revenue and capital accounts of the Council are prepared on an accruals basis. Sums are included in the final accounts to cover income or expenditure attributable to the year of account for goods received or work done, but for which payment has not been received/made by 31<sup>st</sup> March 2024. Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. In particular, supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.

### Borrowing Costs

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

### Capital Receipts

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

### Cash and Cash Equivalents

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

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

### Charges to Revenue for Non-Current Assets

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

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

## STATEMENT OF ACCOUNTING POLICIES

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

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

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

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

### **Employee Benefits**

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

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

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

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

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

## STATEMENT OF ACCOUNTING POLICIES

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

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

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

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

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

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

### ***The LGPS***

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

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



## STATEMENT OF ACCOUNTING POLICIES

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

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

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

### ***Discretionary Benefits***

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

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

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

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

## STATEMENT OF ACCOUNTING POLICIES

### **Fair Value Measurement**

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

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

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

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

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

### **Financial Instruments**

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

### ***Financial Liabilities***

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

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

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

## STATEMENT OF ACCOUNTING POLICIES

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

### ***Financial Assets***

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

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

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

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

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

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

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

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

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

## STATEMENT OF ACCOUNTING POLICIES

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

### **Government Grants and Contributions**

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

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

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

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

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

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

### **Heritage Assets**

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

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

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

#### ***Operational***

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

## STATEMENT OF ACCOUNTING POLICIES

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

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

### ***Collections -***

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

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

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

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

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

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

### ***Intangible Assets***

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

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

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

## STATEMENT OF ACCOUNTING POLICIES

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

	Years
Software licences	5
Development expenditure	7

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

### Interest Charges

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

### Inventory

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

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

All other stock is measured at cost.

### Investments

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

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

### Investment Property

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

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

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

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

## STATEMENT OF ACCOUNTING POLICIES

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

### **Joint Committees**

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

### **Leases**

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

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

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

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

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

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

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

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

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

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

## STATEMENT OF ACCOUNTING POLICIES

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

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

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

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

### Property, Plant and Equipment

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

#### Recognition

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

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

#### Measurement

Assets are initially measured at cost, comprising -

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

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

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



## STATEMENT OF ACCOUNTING POLICIES

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

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

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

### Revaluation

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. The Council meets this requirement by revaluing a proportion of the total asset portfolio as at 1<sup>st</sup> April each year; in 2023/24 approximately 24% of operational non-dwelling assets were revalued. Valuations are undertaken in accordance with the RICS Valuation – Global Standards 2017: UK national supplement. Valuations are carried out by the Council's in-house RICS valuers wherever possible, but in some cases external valuers are used.

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

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

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

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

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

### Impairment

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

## STATEMENT OF ACCOUNTING POLICIES

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

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

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

### Depreciation

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

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

	Years
Buildings	50
Fixtures, fittings and services	20-25
Vehicles, plant, furniture and equipment	3-10
Infrastructure assets	40

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

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

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

### Componentisation

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

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

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

## STATEMENT OF ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

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

## STATEMENT OF ACCOUNTING POLICIES

### Provisions, Contingent Liabilities and Contingent Assets

#### Provisions

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

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

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

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

#### Contingent Liabilities

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

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

#### Contingent Assets

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

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

#### Schools

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

#### Non-Current Assets - Schools

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

## STATEMENT OF ACCOUNTING POLICIES

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

### **Subsidiaries**

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

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

### **Reserves**

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

### **REFCUS**

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

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

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

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

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

## GROUP ACCOUNTS

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

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

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

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

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

The Group Accounts include -

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

### NEW Homes

NEW Homes was established on 3<sup>rd</sup> April 2014 to own, lease and manage properties with the aim of increasing the quantity and quality of affordable housing across the County, whilst providing a professional service to landlords and tenants.

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

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

Further information on NEW Homes is available on its website [www.northeastwaleshomes.co.uk](http://www.northeastwaleshomes.co.uk)

NEW Homes currently owns and manages 173 units across Flintshire. These are made up of a combination of new build schemes delivered through SHARP and properties acquired from developers through Section 106 agreements. 61 properties have been donated by private developers under Section 106 agreements to provide affordable housing. These agreements between developers and local planning authorities are negotiated as part of a condition of planning consent and enable local authorities to negotiate contributions towards a range of infrastructure and services, including affordable housing. The total value of these properties in the NEW Homes Balance Sheet is £11.990m. The remaining 112 properties are purchased (19 properties) and new build (93 properties) affordable homes for rent in Flintshire. The total value of these properties in the NEW Homes Balance Sheet is £19.894m.

## GROUP ACCOUNTS

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

The NEW Homes Business Plan proposes to expand the company over the next two years. This will bring the total number of properties managed by NEW Homes to 247 by 2026/27.

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

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

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

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

Further information on Newydd Catering & Cleaning Ltd is available on its website [www.newydd.wales](http://www.newydd.wales).

### **Risk Management**

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

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

### **Accounting Policies**

The accounting policies for the Group follow those adopted by Flintshire County Council in the single entity statements, as detailed on pages 74 to 89. Where the subsidiaries accounting policies are different, adjustments have been made on consolidation to align any differences in accounting treatment.

## GROUP MOVEMENT IN RESERVES STATEMENT

	Council Fund Reserves £000	Other Usable Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves of the Council £000	Subsidiary Reserves £000	Total Group Reserves £000
<b>At 31st March 2023</b>	49,720	40,766	90,486	576,599	667,088	11,005	678,093
Total comprehensive income and expenditure	22,734	15,141	37,875	87,243	125,118	7,595	132,713
Adjustments between group accounts and authority accounts	(8,199)	0	(8,199)	0	(8,199)	(5,672)	(13,871)
<b>Net increase/(decrease) before transfers</b>	<b>14,535</b>	<b>15,141</b>	<b>29,676</b>	<b>87,243</b>	<b>116,919</b>	<b>1,923</b>	<b>118,842</b>
Adjustments between accounting and funding basis under regulations	(25,978)	(21,159)	(47,137)	47,137	0	0	0
<b>Increase/(decrease) in year</b>	<b>(11,443)</b>	<b>(6,018)</b>	<b>(17,461)</b>	<b>134,380</b>	<b>116,919</b>	<b>1,923</b>	<b>118,842</b>
<b>At 31st March 2024</b>	<b>38,277</b>	<b>34,748</b>	<b>73,025</b>	<b>710,979</b>	<b>784,007</b>	<b>12,928</b>	<b>796,935</b>
	Council Fund Reserves £000	Other Usable Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves of the Council £000	Subsidiary Reserves £000	Total Group Reserves £000
<b>At 31st March 2022</b>	55,627	38,239	93,866	246,725	340,591	8,170	348,761
Total comprehensive income and expenditure	(23,001)	27,891	4,890	327,795	332,685	5,904	338,589
Adjustments between group accounts and authority accounts	(6,190)	0	(6,190)	0	(6,190)	(3,069)	(9,259)
<b>Net increase/(decrease) before transfers</b>	<b>(29,191)</b>	<b>27,891</b>	<b>(1,300)</b>	<b>327,795</b>	<b>326,495</b>	<b>2,835</b>	<b>329,330</b>
Adjustments between accounting and funding basis under regulations	23,285	(25,364)	(2,078)	2,078	0	0	0
<b>Increase/(decrease) in year</b>	<b>(5,906)</b>	<b>2,527</b>	<b>(3,378)</b>	<b>329,873</b>	<b>326,495</b>	<b>2,835</b>	<b>329,330</b>
<b>At 31st March 2023</b>	<b>49,720</b>	<b>40,766</b>	<b>90,489</b>	<b>576,599</b>	<b>667,088</b>	<b>11,005</b>	<b>678,093</b>



## GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2023/24			2022/23		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
<b>Service Expenditure Analysis</b>						
Chief Executive's	1,676	(89)	1,587	1,888	(65)	1,823
Education & Youth	161,391	(37,360)	124,031	180,978	(36,736)	144,242
Governance	14,764	(2,109)	12,655	16,574	(2,072)	14,502
Housing & Communities*	46,329	(38,576)	7,753	42,864	(39,106)	3,758
People & Resources	5,162	(574)	4,588	5,998	(475)	5,523
Planning, Environment & Economy	13,781	(6,364)	7,417	15,872	(7,066)	8,806
Social Services	136,773	(34,179)	102,594	126,723	(30,790)	95,933
Streetscene & Transportation	77,956	(28,156)	49,800	74,703	(25,424)	49,279
Central & Corporate Finance	5,468	(816)	4,652	6,905	(2,488)	4,417
Capital Programme & Assets**	30,086	(5,368)	24,718	21,055	(5,085)	15,970
HRA	30,704	(42,758)	(12,054)	13,082	(38,812)	(25,730)
<b>Cost of services</b>	<b>524,090</b>	<b>(196,349)</b>	<b>327,741</b>	<b>506,642</b>	<b>(188,119)</b>	<b>318,523</b>
Other Operating Expenditure			35,629			33,335
Financing and Investment (Income) and Expenditure			11,946			17,279
Taxation and Non-Specific Grant (Income)			(404,374)			(366,899)
<b>(Surplus)/deficit on the provision of services</b>			<b>(29,058)</b>			<b>2,238</b>
Tax expenses of subsidiary			52			(76)
<b>Group (surplus)/deficit</b>			<b>(29,006)</b>			<b>2,162</b>
(Surplus)/deficit arising on revaluation of non-current assets			(43,540)			(15,433)
(Surplus)/deficit arising on revaluation of available-for-sale financial assets			0			0
Tax relating to other comprehensive income			795			1,207
Actuarial (gains) or losses on pension assets and liabilities			(46,990)			(317,189)
<b>Total comprehensive (income) and expenditure</b>			<b>(118,741)</b>			<b>(329,253)</b>

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

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

## GROUP BALANCE SHEET

		31 March 2024		31 March 2023	
	Note	£000	£000	£000	£000
<b>NON-CURRENT ASSETS</b>					
<b>Property, Plant &amp; Equipment</b>					
Council dwellings		328,606		301,283	
Other land and buildings		528,241		497,759	
Vehicles, plant, furniture and equipment		19,907		20,413	
Surplus assets		3,327		4,319	
Infrastructure assets		156,361		156,994	
Community assets		5,524		5,408	
Assets under construction		44,705		16,160	
<b>Total Property, Plant &amp; Equipment</b>	<b>1</b>	<b>1,086,671</b>		<b>1,002,336</b>	
Investment properties and agricultural estate			29,340		29,092
Long term debtors			2,313		2,303
<b>NON-CURRENT ASSETS TOTAL</b>			<b>1,118,324</b>		<b>1,033,731</b>
<b>CURRENT ASSETS</b>					
Inventories		990		850	
Short term debtors (net of impairment provision)		77,390		78,869	
Short term investments		5,083		5,054	
Cash and cash equivalents		32,636		29,369	
Assets held for sale		513		306	
<b>CURRENT ASSETS TOTAL</b>			<b>116,612</b>		<b>114,448</b>
<b>CURRENT LIABILITIES</b>					
Borrowing repayable on demand or within 12 months		(44,204)		(19,908)	
Short term creditors		(48,461)		(56,887)	
Provision for accumulated absences		(4,151)		(6,722)	
Deferred liabilities		(654)		(621)	
Grants receipts in advance		(5,097)		(3,737)	
Provisions		(58)		(52)	
<b>CURRENT LIABILITIES TOTAL</b>			<b>(102,625)</b>		<b>(87,927)</b>
<b>NON-CURRENT LIABILITIES</b>					
Long term creditors		(1,185)		(1,140)	
Long term borrowing		(294,364)		(290,201)	
Deferred liabilities		(1,474)		(2,128)	
Provisions		(1,106)		(1,067)	
Other long term liabilities		(28,711)		(77,723)	
Grants receipts in advance		(4,123)		(6,268)	
Deferred Tax Liability		(4,412)		(3,632)	
<b>NON-CURRENT LIABILITIES TOTAL</b>			<b>(335,375)</b>		<b>(382,159)</b>
<b>NET ASSETS</b>			<b>796,936</b>		<b>678,093</b>

## GROUP BALANCE SHEET

	Note	31 March 2024		31 March 2023	
		£000	£000	£000	£000
<b>USABLE RESERVES</b>					
Capital receipts reserve		15,013		19,149	
Capital grants unapplied		12,435		15,142	
Council Fund		15,271		19,162	
Profit and Loss reserve		2,981		2,806	
Earmarked reserves		23,007		30,558	
HRA		7,301		6,477	
<b>USABLE RESERVES TOTAL</b>			<b>76,008</b>		<b>93,294</b>
<b>UNUSABLE RESERVES</b>					
Revaluation Reserve		241,258		208,280	
Capital Adjustment Account		516,775		465,567	
Financial Instruments Adjustment Account		(4,292)		(4,652)	
Pensions Reserve		(28,711)		(77,723)	
Deferred capital receipts		49		49	
Accumulated Absences Account		(4,151)		(6,722)	
<b>UNUSABLE RESERVES TOTAL</b>			<b>720,928</b>		<b>584,799</b>
<b>TOTAL RESERVES</b>			<b>796,936</b>		<b>678,093</b>

## GROUP CASH FLOW STATEMENT

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

## NOTES TO THE GROUP ACCOUNTS

### 1. PROPERTY, PLANT AND EQUIPMENT

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

	Flintshire County Council	NEW Homes	Newydd Catering & Cleaning Ltd	Group
	£000	£000	£000	£000
<b>Net Book Value at 31st March 2023</b>				
Council dwellings	301,283	0	0	301,283
Other land and buildings	471,601	26,159	0	497,760
Vehicles, plant, furniture and equipment	20,212	0	201	20,413
Surplus assets	4,319	0	0	4,319
Infrastructure assets	156,994	0	0	156,994
Community assets	5,408	0	0	5,408
Assets under construction	16,160	0	0	16,160
	<b>975,977</b>	<b>26,159</b>	<b>201</b>	<b>1,002,337</b>

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

## Opinion on financial statements

I have audited the financial statements of:

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

for the year ended 31 March 2024 under the Public Audit (Wales) Act 2004.

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

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

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24.

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

- give a true and fair view of the financial position of Flintshire County Council and Flintshire County Council's Group as at 31 March 2024 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24.

## Basis of opinion

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

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

## Conclusions relating to going concern

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

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

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

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

## Other Information

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

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

I have nothing to report in this regard.

## Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

## Matters on which I report by exception

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

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

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

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

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 10 of the Statement of Accounts, the responsible financial officer is responsible for:

- the preparation of the statement of accounts, including Flintshire County Council's Group financial statements, which give a true and fair view and comply with proper practices;

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

- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error; and
- assessing Flintshire County Council and the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by Flintshire County Council and the group will not continue to be provided in the future.

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

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

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

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

My procedures included the following:

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

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;



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

- enquiring of management, the Governance and Audit Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

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

### Other auditor's responsibilities

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

### Certificate of completion of audit

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



Adrian Crompton Auditor  
General for Wales  
28 November 2024

1 Capital Quarter  
Tyndall Street  
Cardiff, CF10 4BZ

ANNUAL GOVERNANCE STATEMENT

2023/24

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

## ANNUAL GOVERNANCE STATEMENT

### What is the purpose of this document?

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

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

The outcome of our assessment identifying areas of best practice and areas for further improvement is detailed within the document Annual Governance Statement 2023/24 – Part 2

### What is Governance?

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

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

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

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

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

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

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

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

## ANNUAL GOVERNANCE STATEMENT

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

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

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

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

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

## ANNUAL GOVERNANCE STATEMENT

### What is the Annual Governance Statement?

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

In this document, we, the Council:

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

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

## ANNUAL GOVERNANCE STATEMENT

### How has the Annual Governance Statement been prepared?

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

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

In preparing the Annual Governance Statement, we have:

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

The Chief Officer Team, which is led by the Chief Executive, have also considered the governance issues and principles facing the Council. These are evidenced in the Annual Governance Statement (Part 2) from Page 122 of the document. Principles assessed as needing further improvement are detailed in the Annual Governance Statement from Page 136.

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

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

## ANNUAL GOVERNANCE STATEMENT

### What are the key principles of the Corporate Governance Arrangements?

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

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

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



## ANNUAL GOVERNANCE STATEMENT

### Contributors to an effective Governance Arrangements

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

## ANNUAL GOVERNANCE STATEMENT

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

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

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

# ANNUAL GOVERNANCE STATEMENT

## Flintshire County Council Corporate Governance Arrangements

### Public Key Documents: Annual Review / Production

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

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

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

### Contributing Processes Regulatory Monitoring

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

**2023/24**

Flintshire County Council  
Annual Governance Statement  
Enclosure 2

### What is the Purpose of this Document?

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

- What is the Annual Governance Statement (AGS)?
- Comparison of the Effectiveness of the Council's Governance arrangements
- Key principles of the Corporate Governance arrangements and our statement:
  - Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law
  - Principle B - Ensuring openness and comprehensive stakeholder engagement
  - Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits
  - Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes
  - Principle E - Developing our organisations capacity, including the capability of our leadership and the individuals within it
  - Principle F - Managing risks and performance through robust internal control and strong public financial management
  - Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability
- How have we addressed the governance and strategic issues from 2022/23 AGS
- What are the governance issues identified during 2023/24
- What are the strategic issues identified during 2023/24
- Certification of the Annual Governance Statement

## ANNUAL GOVERNANCE STATEMENT

### What is the Annual Governance Statement?

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

In this document, we, the Council:

- Acknowledge our responsibility for ensuring that there is a sound system of governance;
- Summarise the key elements of that governance framework and the roles of those responsible for the development and maintenance of the governance environment;
- Describe how we have monitored and evaluated the effectiveness of our governance arrangements in year, and any planned changes in the coming period;
- Provide details of how we have responded to any issue(s) identified in last year's governance statement;
- Report on any governance issues identified from this review and provide a commitment to addressing them; and
- In referring to the Council, this includes its group relationship with other entities such as New Homes and Newydd

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

### Independent Assurance

#### Audit Wales Annual Audit Summary

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

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

#### Internal Audit Annual Opinion

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

#### Governance and Audit Committee

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

## ANNUAL GOVERNANCE STATEMENT

# Chief Finance Officer Statement on Compliance with the Financial Management Code

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

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

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

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

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

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

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

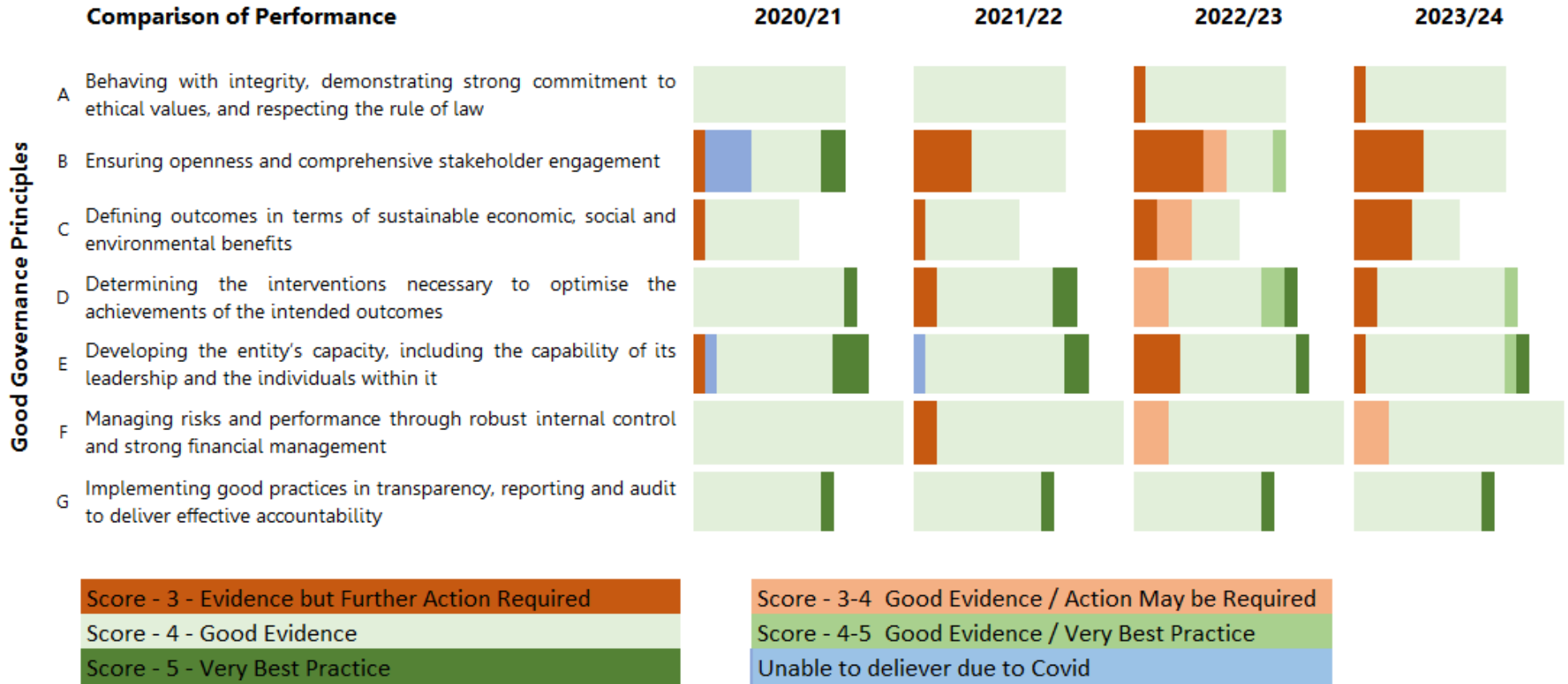
**However, the assessment recognises that, due to the continuing financial challenges for all local authorities, the following areas will require continual review and improvement:**

- The absence of any indicative Welsh Government funding settlement for 2025/26 and beyond presents significant challenges and uncertainty and requires a prudent approach whilst urgently prioritising our budget planning requirements
- As part of the above develop the latest Medium Term Financial Strategy and begin considerations early on options for ensuring a sustainable budget including exploring any opportunities for transformation of services over the medium term.
- Ensure compliance with the process for increased engagement for services in contributing to and signing off method statements for both pressures and cost reductions.
- To review and develop a future approach to budget consultation as part of Stakeholder Engagement.



ANNUAL GOVERNANCE STATEMENT

Comparison of the Effectiveness of the Council’s Governance Framework



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

## ANNUAL GOVERNANCE STATEMENT

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

- (D48) Ensuring the achievement of 'social value' or 'community benefits' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the community over and above the direct purchase.
- (E52, E64) Recognising the benefits of partnerships and collaborative working where added value can be achieved. Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.
- (G92) Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.

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

- (A1) Ensure members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the Organisation.
- (B17, B18, B21, B23, B24, B25, B26) Circumstances have curtailed our ability to consult and engage, but not the willingness to do so. However, a Customer Service and Communication Manager is now in post and work has begun to improve how the Council consults and engages more effectively.
- (C28, C29, C31, C32, C33) Delivering defined outcomes on a **sustainable** basis within the resources that will be available and considering and balancing the combined economic, social, and environmental impact of policies, plans and decisions when taking decisions about service provision. Principle C further actions required have linkage with actions identified within Principle B.
- (D37, D40) Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to priorities competing demands within limited resources available including people, skills, land, and assets and bearing in mind future impacts. Considering and monitoring risks facing each partner when working collaboratively including shared risks.
- (E61) Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently.
- (F66, F69, F73) Implementing robust and integrated risk management arrangements and ensuring that they are working effectively. Aligning the risk management strategy and policies on internal control with achieving the Council's objectives.

## ANNUAL GOVERNANCE STATEMENT

### The Main Themes Identified for Improvement for 2023/24

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

Taking this into context the Corporate Governance Working Group during 2023/24 reviewed the Council's position against the 7 Good Governance Principles and the 94 Sub Principle. In May 2024 a workshop was undertaken with members from the Governance and Audit Committee and Cabinet to review the Annual Governance Statement scoring in relation to the Good Governance Principles.

Furthermore, an Annual Governance Questionnaire was provided to Cabinet and Chairs and Vice Chairs of Overview and Scrutiny Committees, with the aim of the questionnaire being to determine if Members agreed with the themes that had been identified as areas for improvement.

The five themes identified for improvement are;

- **Improvement in internal and external stakeholder engagement, consultation and participation**
  - Enhanced decision making to ensure the most appropriate course of action is taken.
  - The ability to receive and use feedback to shape service improvement, including improved complaints handling.
  - Ensuring inclusivity with stakeholder groups and encouragement of public participation.
  - Improved social media presence.
- **Development of the Integrated Impact Assessments (IIAs)**
  - This will ensure the Council assesses the impact of their decisions and policies on equality groups, the environment, the economy, and other areas of interest prior to policy / strategy changes.
- **Sustainability of Resources and Resilience of Workforce**
  - Effectively managing service expectations with the resources available with all stakeholders especially.
  - Developing and retaining the workforce capacity, recruitment and retention following a pay modelling review.
  - Increase the use of the Welsh language within the workforce and members.
- **Training Opportunities**
  - Enhanced decision making and challenge process through focused training, facilitated sessions available to Members and Senior Officers.

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- **Embedding of Risk Management**

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

Outcome of the questionnaires completed by Members:

Members agreed with the five themes identified for improvement, stating that;

- Making improvements within these themes will lead to enhanced decision making and shape service improvements
- Develop and retain the workforce capacity is at the crux of service delivery
- It is of paramount importance that all new Members and also employees are provided with relevant training on their roles and responsibilities
- Increasing the use of Integrated Impact Assessments being completed will ensure that Flintshire County Council assesses the impact of any decision made
- All Members agreed that the Welsh language is of great importance and that there needs to be an increase in the use of the language within the workforce
- Embedding of Risk Management will enable the Council to identify future risks and also opportunities.

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### Key Principles of the Corporate Governance Framework

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

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

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### Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law

Sub Principles	How we do this / How we achieve this
Behaving with Integrity	<ul style="list-style-type: none"> <li>• The behaviour and expectations of Members and Officers are set out in our Codes of Conduct, Constitution, and a suite of policies and procedures</li> <li>• Codes of Conduct for Members and Officers specify the requirements around declarations of interests formally and at the beginning of meetings, gifts and hospitality etc</li> <li>• We take fraud seriously. Key policies are in place to prevent, minimise and manage such occurrences</li> <li>• Compliance with policies and protocols e.g., Contract Procedure Rules</li> <li>• Enhanced profile of Internal Audit</li> </ul>
Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> <li>• A set of leadership competencies are deployed in each Portfolio and led by each Chief Officer</li> <li>• Our recruitment policy, training and competencies based appraisal processes underpin personal behaviours with ethical values</li> <li>• Robust policies and procedures are in place, subject to formal approval prior to adoption by formal committees</li> <li>• All contracts and external service providers, including partnerships are engaged through the robust procurement process and follow the Contract Procedure rules regulations</li> <li>• Application of the corporate operating model; working internally to promote high standards of professional performance and ethical behaviour to achieve organisational priorities and objectives</li> </ul>
Respecting the rule of law	<ul style="list-style-type: none"> <li>• We ensure that our Members and Officers fulfil legislative and regulatory</li> <li>• We ensure that the full use of the Council powers are optimised by regular challenge and keeping abreast of new legislation to achieve corporate priorities have an Effective Anti-Fraud and Corruption framework</li> <li>• Our Monitoring Officer is responsible for ensuring the Council complies with the law and avoids maladministration. Our Constitution and Democratic Services Committee promotes high standards of conduct which are monitored by the Standards Committee</li> </ul>

Areas of Good Evidence 2023/24 (Score of 4)	Areas Identified for Further Improvement 2023/24 (Score of 3)
<ul style="list-style-type: none"> <li>• Open decision making on the basis of evidence and the sub principles within Principle A is at the heart of the standard form of reporting that is made to the Council, Cabinet and committees</li> </ul>	<ul style="list-style-type: none"> <li>• (A1) Ensure members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the Organisation</li> </ul>

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### Principle B - Ensuring openness and comprehensive stakeholder engagement

Sub Principles	How we do this/how we achieve this
Openness	<ul style="list-style-type: none"> <li>• Committed to having an open culture, demonstrated through accessible website, policies and procedures and open environment meetings.               <ul style="list-style-type: none"> <li>○ The most appropriate and effective interventions / courses of action are determined using formal and informal consultation and engagement. Consultation principles</li> <li>○ Formal and informal engagement models with employees and communities e.g. alternative delivery models Member workshops</li> <li>○ County Forum (Town and Community Councils)</li> <li>○ Positive engagement with Trade Unions both formally and informally</li> </ul> </li> </ul>
Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> <li>• We engage effectively with stakeholders to ensure successful and sustainable outcomes by:               <ul style="list-style-type: none"> <li>○ Effective application and delivery of communication strategies to support delivery</li> <li>○ Targeting communications and effective use of Social Media (limited currently)</li> <li>○ Effective stakeholder engagement on strategic issues</li> <li>○ Service led feedback questionnaires and events</li> </ul> </li> <li>• Effective use of resources and achievement of outcomes is undertaken by the Council both through informal and formal partnerships:               <ul style="list-style-type: none"> <li>○ Extensive range of partnerships to support the delivery of the Council's strategic priorities, including the Public Services Board</li> <li>○ Open and productive partnership arrangements supported by an effective governance framework</li> <li>○ Trust and good relations lead to delivery of intended outcomes e.g. community asset transfers</li> </ul> </li> </ul>
Engaging stakeholders effectively, including individual citizens and service users	<ul style="list-style-type: none"> <li>• The achievement of intended outcomes by services is supported by a range of meaningful guidance on consultation engagement and feedback techniques with individual citizens, service users and other stakeholders</li> <li>• We have structures in place to encourage public participation governed through the Communication and Social Media Policies. These include the following: E-newsletters, the Council's website, Tenants Forums, Service user groups, Quality circles, Use of infographics, Surveys (for example, Survey of Tenants and Residents)</li> </ul>

Areas of Good Evidence 2023/24 (Score of 4)	Areas Identified for Further Improvement 2023/24 (Score of 3)
<ul style="list-style-type: none"> <li>• Formal and informal partnerships from strategic levels (PSB) to operational partnerships (Community Endowment Fund / Regional Armed Forces Partnership)</li> <li>• The joint Flintshire and Wrexham Public Services Board / North Wales Research and Insight Partnership continue to work well</li> <li>• Good management relationship with external partners</li> <li>• Opportunities for discussions and debates ensures the Council has a range of views and perspectives, which are considered when making decisions and provides real value</li> </ul>	<ul style="list-style-type: none"> <li>• (B17, B18, B21, B23, B24, B25, B26) Customer Service and Communication Manager is now in post and work has begun to improve how the Council consults and engages more effectively e.g., through better use of social media and a new consultation and engagement hub which is due to be launched on the Council's website imminently. Research is currently underway to identify areas of good practice to help inform and develop a local strategy for consultation and engagement</li> </ul>

## ANNUAL GOVERNANCE STATEMENT

	<ul style="list-style-type: none"><li>• A mid-plan review of Council Plan 2023-28 is planned for late 2024, early 2025, which will also include consultation to ensure the views and experience of citizens, service users are considered</li><li>• A recent Audit Wales report has identified that improvement in Service User perspective / views needed to inform decisions and proposals to the recommendations will be implemented over the next year</li></ul>
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### Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits

Sub Principles	How we do this/how we achieve this
Defining outcomes	<ul style="list-style-type: none"> <li>• We have a clear vision describing the organisation’s purpose and intended outcomes which is achieved through:               <ul style="list-style-type: none"> <li>○ Linking of vision and intent to the Medium-Term Financial Strategy (MTFS)</li> <li>○ Service Planning consideration including sustainability of service delivery</li> </ul> </li> <li>• Risk Management is applied consistently at all levels ensuring consistent application of risk process and terminology</li> <li>• The development of the County’s Well-being Plan and delivery of the Public Services Board’s priorities ensure that public services work effectively together to add value</li> <li>• Annual Performance Report contains recommendations of improvements or area of priority working for the following year</li> </ul>
Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> <li>• When deciding future service provision we take a longer-term view, balancing the economic, social, environmental impact along with the wider public interest. This is supported by:               <ul style="list-style-type: none"> <li>○ Longer term business planning and budgeting using effective forecasting models</li> <li>○ Multi-disciplinary approach to policy development delivering defined outcomes and ensuring fair access to services</li> <li>○ Procurement strategy defines expectations around economic, social and environment benefits which inform service specifications, tenders and contracts</li> <li>○ Communication plans for public and community engagement</li> </ul> </li> </ul>

Areas of Good Evidence 2023/24 (Score of 4)	Areas Identified for Further Improvement 2023/24 (Score of 3)
<ul style="list-style-type: none"> <li>• Member workshops/briefing sessions</li> <li>• In addition to the normal budget management process significant monitoring took place to manage the additional expenses / funding received / reallocation of resources to support the budget pressures – corporate events/meetings with portfolios regarding budget pressures</li> <li>• The Public Services Board, Well-being Plan 2023 to 2028 focuses on improving local well-being in the area, supporting the achievement of the seven well-being goals for Wales as part of The Well-Being of Future Generations (Wales) Act 2015</li> </ul>	<ul style="list-style-type: none"> <li>• (C28, C29, C31) Increasing priorities with limited additional resources available (vacancy management and financial challenges) continues to provide pressures on the Council and is in some instances impacting negatively on service delivery. However, by continuing to embed the use of Integrated Impact Assessments it supports and inform decision making and determining priorities, making best use of resources available</li> <li>• (C32, C33) Development of business planning within performance management system will support longer term business planning, whilst evidencing any associated risks / opportunities. This includes consider and balancing the combined economic, social and environmental impacts of policies and strategies</li> </ul>

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### Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes

Sub Principles	How we do this/how we achieve this
Determining interventions	<ul style="list-style-type: none"> <li>• Full engagement with Members on a longer-term basis e.g. Medium Term Financial Strategy (MTFS), Council Plan, Business Planning and other key workforce strategies e.g. digital and procurement</li> <li>• The MTFS and budget setting process provides opportunities for all public, stakeholders to be engaged in considering options.</li> <li>• Active engagement of key decision making in the development of initial ideas, options and potential outcomes and risks e.g. ADM Programme, Gateways</li> <li>• Clear option appraisals, including the use of forecasting models, to ensure best value is achieved</li> <li>• Regular budget monitoring for each Portfolio</li> <li>• Application of Integrated Impact Assessments</li> </ul>
Planning interventions	<ul style="list-style-type: none"> <li>• We established and implemented robust planning and control cycles covering response and recovery through Emergency Management Response Team</li> <li>• Regular monitoring of business planning, efficiency and reliability including feedback</li> <li>• Service performance is measured by establishing a range of local indicators, which are regularly monitored, reported and used for recovery monitoring</li> </ul>
Optimising achievement of intended outcomes	<ul style="list-style-type: none"> <li>• Resource requirements are identified through the business planning process, including any projected shortfall in those requirements.</li> <li>• Regular engagement and ownership of the budget process is undertaken through the Chief Officer Team and in consultation with Members through workshops and the scrutiny process</li> <li>• Social values are achieved through the effective commissioning of services and compliance with Council procedures</li> <li>• Consultation and engagement events, particularly relating to ongoing decisions on significant service delivery issues or to changes in the external environment set the context for the MTFS for both residents and employees</li> </ul>

Areas of Very Best Practice 2023/24 (Score of 4/5)	Areas Identified for Further Improvement 2023/24 (Score of 3)
<ul style="list-style-type: none"> <li>• (D48) Use of historical data to inform the MTFS and looking forward in terms of what the future landscape for services may be and applying a risk based approach to decision making around the budget setting process</li> </ul>	<ul style="list-style-type: none"> <li>• (D37) Implementing the recommendations identified from within the Audit Wales regarding Use of Performance Information: Service User Perspective and Outcomes</li> <li>• (D40) When working with partners and collaboratively risks (and also opportunities) are being explored consistently</li> </ul>

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### Principle E - Developing our organisations capacity, including the capability of our leadership and the individuals within it

Sub Principles	How we do this/how we achieve this
Developing our organisation's capacity	<ul style="list-style-type: none"> <li>• We review our operations, performance, and use of assets on a regular basis to ensure their continuing effectiveness through service delivery reviews, performance and risk management and Programme Boards' development and monitoring</li> <li>• We review the sufficiency and appropriateness of resource allocation through techniques such as benchmarking internally against previous performances and to support internal challenge, and normally externally to identify improvement opportunities</li> <li>• Benefits of collaborative and partnership working both regionally and nationally to ensure added value is achieved by linking services and organisation priorities to partnership working</li> <li>• Develop and maintain the workforce plan to enhance the strategic allocation of resources and future workforce and succession planning</li> </ul>
Developing the capability of our organisation's leadership and other individuals	<ul style="list-style-type: none"> <li>• Effective shared leadership which enables us to respond successfully to changing external demands and risks is supported by a range of management and leadership development programme, run in partnership with Coleg Cambria               <ul style="list-style-type: none"> <li>○ The Leader of the Council and the Chief Executive have clearly defined and distinct leadership roles</li> </ul> </li> <li>• Individual and organisational requirements are supported through:               <ul style="list-style-type: none"> <li>○ Corporate induction for new employees to the Council and service specific inductions for employees in new jobs</li> <li>○ Opportunities for continued learning and development for employees</li> <li>○ A comprehensive range of learning and development opportunities available</li> <li>○ Feedback and shared learning to the organisations both through reports and interactive sessions such as the Senior leaders 'Academi'</li> </ul> </li> <li>• Support and maintain physical and mental wellbeing of the workforce, via our in-house Occupational Health Service, Care First (Employee Assistance Programme) and a range of internal training and awareness sessions to support mental, financial and physical health related issues.</li> </ul>

<b>Areas of Very Best Practice 2023/24 (Score of 5)</b>
<ul style="list-style-type: none"> <li>• (E52) Recognising the benefits of partnerships and collaborative working where added value can be achieved</li> </ul>
<b>Areas of Good Evidence 2023/24 (Score of 4 and 4/5)</b>
<ul style="list-style-type: none"> <li>• Partnership and collaborative working – locally, regionally and nationally</li> <li>• Service specific inductions continue to take place</li> <li>• Employee Engagement Survey undertaken, which included health and wellbeing questions, responses indicate interventions are welcomed and positive. A Well-being Strategy currently in draft</li> <li>• Dedicated mental health and employee wellbeing page on the Infonet which provides links to MIND Wellness Action Plans, our Employee Assistance Programme (available 24/7 365 days per year)</li> </ul>
<b>Areas Identified for Further Improvement 2023/24 (Score of 3)</b>
<ul style="list-style-type: none"> <li>• (E51) Improving resource use through appropriate application of techniques such as benchmarking and other options to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently.</li> </ul>

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### Principle F - Managing risks and performance through robust internal control and strong public financial management

Sub Principles	How we do this/how we achieve this
Managing risk	<ul style="list-style-type: none"> <li>The Council has clear and concise risk management framework. There are a number of risk registers which are reported regularly which outline the risks faced by the Council and its service areas. These all include, current risk ratings and target risk ratings supported by mitigation comments</li> </ul>
Managing performance	<ul style="list-style-type: none"> <li>Members and senior management are provided with regular reports on service performance against key performance indicators and milestones against recovery objectives</li> <li>Members are clearly and regularly informed of the financial position and implications including environmental and resource impacts</li> </ul>
Robust internal control	<ul style="list-style-type: none"> <li>Internal Audit provides the Council, through the Governance and Audit Committee, with an annual independent and objective opinion on the adequacy and effectiveness of the Council's internal control, risk management, governance arrangements and associated policies.</li> <li>We are dedicated to tackling fraud as detailed within the Anti-Fraud and Corruption Strategy, Fraud Response Plan, and Whistleblowing Policy</li> </ul>
Managing data	<ul style="list-style-type: none"> <li>We have effective strategic direction, advice and monitoring of information management with clear policies and procedures on personal data and provide regular training to ensure compliance with these</li> <li>We have appropriate Information Sharing Protocols in place in respect of all information shared with other bodies</li> <li>The quality and accuracy of data used for decision making and performance monitoring is supported by guidance from a range of professional bodies</li> <li>Internal Audit review and audit regularly the quality and accuracy of data used in decision making and performance monitoring</li> </ul>
Strong public financial management	<ul style="list-style-type: none"> <li>Our Financial management arrangements support both the long-term achievement of outcome and short-term financial performance through the delivery of the MTFS</li> <li>Setting a prudent Minimum Revenue Provision for the repayment of debt</li> <li>The integration of all financial management and control was reviewed as part of the finance modernisation project</li> </ul>

Good Evidence 2023/24 (Score of 4)	Areas Identified for Further Improvement 2023/24 (Score of 3/4)
<ul style="list-style-type: none"> <li>Maintained and frequent reporting and monitoring of performance and risk</li> <li>Risk Management Framework reviewed and updated</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>(F66) Embedding the risk management framework</li> <li>(F69) Risks identified and reported upon in more detail within Committee reports</li> <li>(F73) Continuing to align the risk management framework and policies on internal control with achieving the Council's objectives</li> </ul>

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

Sub Principles	How we do this/how we achieve this
Implementing good practice in transparency	<ul style="list-style-type: none"> <li>• We recently improved the layout and presentation of our reports in order to improve the presentation of key information to decision-makers and monitor this regularly</li> <li>• We are mindful of providing the right amount of information to ensure transparency</li> <li>• A review of information sharing protocols has been undertaken and new principles adopted</li> </ul>
Implementing good practices in reporting	<ul style="list-style-type: none"> <li>• We report at least annual on the achievement and progress of our intended outcome and financial position. This is delivered through the Annual Performance report assessing performance against the Council Plan</li> <li>• Progress against the Well-being Plan</li> <li>• Annual Statement of Accounts</li> <li>• Our Annual Governance Statement is published following robust and rigorous challenge to assess and demonstrate good governance</li> </ul>
Assurance and effective accountability	<ul style="list-style-type: none"> <li>• Through robust assurance mechanism, we can demonstrate effective accountability. These mechanisms include:               <ul style="list-style-type: none"> <li>○ Internal Audit undertakes independent reviews to provide an annual assurance opinion of the Council’s control, risk management, and governance framework. To allow this Internal Audit has direct access to Chief Officer and Members of the Council</li> <li>○ All agreed actions from Internal Audit reviews are monitored regularly through monthly reports to Chief Officers and each Governance and Audit Committee</li> <li>○ Any ‘limited/red’ assurance opinions are reported to Governance and Audit Committee in full and progress monitored closely</li> <li>○ Peer challenge and inspection from regulatory bodies and external compliance reviews. The outcomes from these inspections are used to inform and improve service delivery</li> <li>○ Through effective commissioning and monitoring arrangements and compliance with Council’s procedures, we gain assurance on risk associated with delivering services through third parties and any transitional risks</li> <li>○ Reports are presented to Cabinet and an annual report to Governance and Audit Committee of external feedback from regulatory work and peer reviews along with the Council’s responses</li> </ul> </li> </ul>

Areas of Very Best Practice 2023/24 (Score of 5)	Good Evidence 2023/24 (Score of 4)
<ul style="list-style-type: none"> <li>• (G92) Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations</li> </ul>	<ul style="list-style-type: none"> <li>• Open and embracing attitude. Effectives processes are in place to monitor outstanding Internal Audit actions, reporting to Chief Officers monthly.</li> <li>• All external regulatory reports and the corresponding response to recommendations are considered by Cabinet and Overview and Scrutiny Committee’s with an overview going to Governance and Audit Committee annually.</li> </ul>

## ANNUAL GOVERNANCE STATEMENT

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

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

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

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

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

Internal Council Governance issues	Mitigation Actions	Current Status	Progress Update	Progress RAG
(A1) Ensure members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the Organisation	Action plan for to enhance Members understanding of their role. Workshop for Members and to provide relevant training and learning opportunities	<b>Open</b>	The council has voluntarily adopted a register of interests for senior officers to further demonstrate openness. The Council continues to provide relevant training and learning opportunities for Members to ensure Members are fully aware and have an understanding of their role.	<b>Amber</b>
(B17, B18, B21, B23, B24, B25) Circumstances previously curtailed the Council's ability to consult and engage, but not the willingness to do so.	An action plan was developed to make improvements in the regards to Consultation and Engagement with residents of Flintshire.	<b>Open</b>	Following a service review in late 2022, a new Customer Service and Communications Manager was appointed in 2023. A priority is to develop a Consultation and Engagement Strategy for the Council. The intention of the strategy is to have a clear and consistent approach to consultation and engagement across all services which will enable better sharing of customer insight. The strategy will act as a toolkit to assist services to	<b>Amber</b>

## ANNUAL GOVERNANCE STATEMENT

Internal Council Governance issues	Mitigation Actions	Current Status	Progress Update	Progress RAG
			consult and engage with communities successfully. work has begun to improve how the Council consults and engages more effectively e.g., through better use of social media and a new consultation and engagement hub.	
(C29, C32) Delivering defined outcomes on a sustainable basis within the resources that will be available and considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision.	<ul style="list-style-type: none"> <li>Review of the pay model</li> <li>Integrated Impact Assessments are utilised and happen consistently across all portfolio's</li> <li>Review the challenges with vacancy management</li> </ul>	<b>Open</b>	<p>Due to existing budget pressures and vacancy management, which impacts sustainability (Five Ways of Working, Well-being of Future Generations (Wales) Act 2015) work remains ongoing regarding review of pay model. Workshops have been undertaken with Members to review pay model options and costing associated.</p> <p>Integrated Impacts Assessments need to be embedded further within the Council.</p> <p>Development of Portfolio business plans within the Performance Management System is progressing and will assist with linking policies, risks, and plans.</p>	<b>Amber</b>
(E51, E53, E57, E61) Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently.	<ul style="list-style-type: none"> <li>Develop the use of APSE</li> <li>Career conversation to form part of the appraisal</li> <li>A review of the Member Development</li> </ul>	<b>Closed (excluding E61)</b>	<p>Recent training provided by APSE to highlight range of benchmarking available and ongoing support provided to key services area. New benchmarking now available to support Climate Change with APSE with the Council exchanging in this opportunity.</p> <p>Career conversations form part of annual appraisals.</p> <p>A review of Member Development and training needs has been completed, with the Constitution and Democratic Services Committee having oversight of this process. A report covering</p>	<b>Green</b>



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Internal Council Governance issues	Mitigation Actions	Current Status	Progress Update	Progress RAG
			<p>training and development is taken to the Committee at least quarterly. A final programme will identify sessions / topics that will be 'mandatory', and the Committee will monitor delivery and attendance of these (and all sessions included within the programme).</p> <p>Specific training for members of the Scrutiny Committees has been delivered, as well as sessions on Chairing skills which have been offered to all Members as well as targeting the Chairs and Vice-Chairs of Committees.</p> <p style="color: red;">(E51, E53, E57 closed and E61 – remains open in 2023/24)</p>	<b>Green</b>
(F66, F73,) An Internal Audit review of the risk management framework and risk register was undertaken during 22/23 and has highlighted some areas for improvement to build upon the risk management framework and processes going forward.	<ul style="list-style-type: none"> <li>• Continue to embed the Risk Management Framework</li> <li>• The development and implementation of InPhase continues</li> <li>• Roll out of the E-learning risk management training module</li> </ul>	<b>Open</b>	<p>Risk Management Framework was revised and approved by Governance and Audit Committee in January 2024, shared with Officers and available on the Council's website and Infonet. Officers are reviewing their risks monthly with all risks now transferred and managed within the performance and risk management system.</p> <p>Risk Management e-learning module is in its final stages and will be rolled out August 2024.</p>	<b>Amber</b>



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

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

Strategic issues in 2022/23 which have since closed	Current Status	Progress Update	Progress RAYG
<b>CC01</b> – Non-compliance of the Welsh Language Standards	<b>CLOSED</b>	Closed as of April 2024 as Contact Centre is fully staffed with 30% Welsh speakers.	<b>Green</b>
<b>CF14</b> - Impact on the Housing Revenue Account (HRA) of a sustained loss of housing rent due to the financial position of tenants	<b>CLOSED</b>	Closed as of April 2024 as this risk emanates from the covid response and is no longer a significant risk to the HRA as rent arrears have stabilised, and are consistently falling, over a period of 12 months.	<b>Green</b>
<b>HA06</b> - Impacts on income stream based on delayed/non recovery of housing benefit overpayment	<b>CLOSED</b>	Risk was merged with CF14 during financial year 2023/24 and closed in April 2024.	<b>Green</b>
<b>SS29</b> - Insufficient capacity in the social care workforce (social work and occupational therapy) is a risk to the reputation of the Council and its ability to fulfil its statutory and essential functions with respect and care	<b>CLOSED</b>	Risk closed September 2023 for the whole service, however an open risk remains for Children's Services workforce of qualified and experienced staff.	<b>Green</b>
<b>HR24</b> - Changes to holiday pay calculations and practices in light of the Supreme Court Judgement in Harper Trust and Brazel	<b>CLOSED</b>	Risk closed May 2024 as changes to calculations and increases in the Council's annual leave provision means that the Council is legally compliant.	<b>Green</b>
<b>CPA17</b> - Impact of workload demand and HR issues on remaining employees	<b>CLOSED</b>	Closed December 2023 following a risk register review by the Capital Programme and Assets portfolio and this risk has merged with RCPA01 to become one risk.	<b>Green</b>
<b>CPA12</b> - Failure to secure mutually agreeable new agreement with Aura / Newydd could lead to financial, reputation, legal and service implications	<b>CLOSED</b>	Risk is closing in June 2024 as it considers all Alternative Delivery Models (ADM). Each ADM will be an individual risk within the risk register.	<b>A RAG is not applicable</b>

## ANNUAL GOVERNANCE STATEMENT

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

Red Strategic issues in 2022/23 which have since improved	Current Score	Progress Update	Progress RAYG
<p><b>EY06</b> - Insufficient funding to deliver new archive premises <b>New code as of 2023/24 – REY06</b></p>	<b>4</b>	This risk is reducing as a grant funding offer has been received from National Lottery Heritage Fund to assist with the costs of building a new archive for the North East Wales Archive on the Theatr Clwyd site, supported by matched capital funding from Flintshire and Denbighshire Councils. Acceptance of the grant funding now needs to be formally approved by both Cabinets.	<b>Yellow</b>
<p><b>PE12</b> - The implications of Ash Dieback on finances and reputation of the Council due to the scale of the problem and the ability to make safe trees on or adjacent to Highways and Council amenity land which pose a risk to life or property</p>	<b>6</b>	Winter works have been completed now waiting for summer survey period.	<b>Amber</b>
<p><b>PE33</b> - Prevent delays in development proceeding by mitigating the impact of Phosphates <b>New code as of 2023/24 – RPE33</b></p>	<b>2</b>	There are no delays being incurred as National Resource Wales and Welsh Water have now published their joint review of permits for Waste Water Treatment Works, where all three affected Waste Water Treatment Works in Flintshire have a valid permit and headroom within the permit limit to treat more phosphates.	<b>Green</b>
<p><b>PE34</b> - Failure to update the Council's Flood Risk Management Strategy to mitigate the flood risk to vulnerable communities <b>New code as of 2023/24 – RPE34</b></p>	<b>3</b>	A framework strategy has been produced working with the Council's consultants. Meeting consultants at the end of April took place to review draft, identify gaps and information required, and plan engagement both internally within the Council and with key stakeholders.	<b>Yellow</b>

## ANNUAL GOVERNANCE STATEMENT

Red Strategic issues in 2022/23 which have since improved	Current Score	Progress Update	Progress RAYG
<p><b>PE42</b> - Slow progress with the Strategic Development Plan (SDP) fails to set context for Local Development Plan 2</p> <p><b>New code as of 2023/24 – RPE42</b></p>	4	The Council does not control the progress with the SDP as this is with the CJC, who have recently appointed a project co-ordinator. Planning Strategy Manager is leading on producing a background context report for the SDP, highlighting respective positions with LDPs in North Wales, cumulative housing and employment growth targets, and assessing strategic objectives and policies to develop a common set of themes for the SDP. Will also produce an outline framework for the structure of what the SDP could look like.	<b>Yellow</b>
<p><b>SS09</b> - Insufficient numbers of residential and nursing beds to meet demand because of the long-term fragility and instability of the care home sector and challenges in the recruitment of staff</p> <p><b>New code as of 2023/24 – RSS09</b></p>	9	We are still finding it difficult to source enough capacity externally to be able to meet the residential need. However, we have stabilised the market. The Croes Atti 2 development will increase our internal capacity, and an independent sector home that was previously closed reopened in January, providing capacity for EMI nursing and possibly some residential care.	<b>Amber</b>
<p><b>SS10</b> - Insufficient capacity to provide the quantities and levels of care to clients at home and in the community because of challenges in recruitment of direct care workers and instability in the care market</p> <p><b>New code as of 2023/24 – RSS10</b></p>	9	The domiciliary inbox remains high with individuals having to wait for care in some cases. We have been successful in purchasing a block hours contract in Holywell, and are looking at other areas where care is difficult to source; expressions of interest for block hours contracts are going out to the Framework. The ongoing development of Microcare is helping to alleviate the situation; there have been an additional 7 Micro-Carers setup during this financial year, increasing the number of active Micro-Carers to 38. We have directly commissioned with 3 Micro-Care providers this year for personal care services, and 4 for well-being services, and we are actively seeking to develop more direct commissioning.	<b>Amber</b>
<p><b>HR09</b> - The Pay model and associated costing may increase/decrease depending on when a) agreement is reached and b) when the new pay model is implemented due to changes in structure and/or headcount.</p> <p><b>New code as of 2023/24 – RHR09</b></p>	9	A number of pay models have been developed and costed (excluding vacancies). Work is underway to validate genuine vacancies (with budget) between HR and Finance. Cabinet/Council advised that no budget has been identified for this workstream.	<b>Amber</b>

## ANNUAL GOVERNANCE STATEMENT

### What are the Governance Issues Identified During 2023/24?

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

Internal Council Governance issues for 2023/24	Mitigation Actions
<ul style="list-style-type: none"> <li>(A1) Ensure members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the Organisation</li> </ul>	<ul style="list-style-type: none"> <li>Continue to highlight the role and responsibility of Members</li> <li>Workshop for Members (as and when required)</li> <li>To continue to provide relevant training and learning opportunities</li> </ul>
<ul style="list-style-type: none"> <li>(B17, B18, B21, B23, B24, B25, <b>B26</b>) Circumstances previously curtailed the Council's ability to consult and engage, but not the willingness to do so. Ongoing planning to ensure implementation of the Local Government and Elections (Wales) Act 2021</li> </ul>	<ul style="list-style-type: none"> <li>Development of a consultation and engagement hub</li> <li>Creating a Customer and Engagement and Public Participation Strategy</li> <li>Development of social media platforms (Facebook has already been developed)</li> <li>Use of Council's complaints and feedback for continued service improvement</li> </ul>
<ul style="list-style-type: none"> <li>(<b>C28</b>, C29, <b>C31</b>, C32, <b>C33</b>) Delivering defined outcomes on a <b>sustainable</b> basis within the resources that will be available and considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision.</li> </ul>	<ul style="list-style-type: none"> <li>Review of the pay model</li> <li>Integrated Impact Assessments to be utilised and happen consistently across all portfolio's</li> <li>Review the challenges with vacancy management</li> </ul>
<ul style="list-style-type: none"> <li>(<b>D37</b>) Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to priorities competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.</li> <li>(<b>D40</b>) Considering and monitoring risks facing each partner when working collaboratively including shared risks.</li> </ul>	<ul style="list-style-type: none"> <li>(D37) Implementing the recommendations identified from within the Audit Wales regarding Use of Performance Information: Service User Perspective and Outcomes. Mid-plan review of Council Plan (2023-28) to ensure consideration of service user perspective</li> <li>(D40) When working with partners and collaboratively risks (and also opportunities) are being explored consistently.</li> </ul>
<ul style="list-style-type: none"> <li>(E51) Ensuring that there are structures in place to encourage public participation</li> </ul>	<ul style="list-style-type: none"> <li>This internal governance issue mitigation actions for E51 are the same for B17, B18, B21, B23, B24, B25, B26</li> </ul>

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

## ANNUAL GOVERNANCE STATEMENT

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

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

Strategic Issues for 2023/24	Mitigating Actions	Target Score <sup>1</sup>
		15
	<ul style="list-style-type: none"> <li>Effective project plans, project risk register and Project Officers in place ensure</li> </ul>	15
<b>EY36</b> - External Grants for Revenue Expenditure  <b>New code as of 2023/24 – REY36</b>	<ul style="list-style-type: none"> <li>Monitoring through monthly Portfolio Finance Meetings; Education programme Board</li> </ul>	15
<b>REY37</b> - 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  <b>New risk for 2023/24</b>	<ul style="list-style-type: none"> <li>Options for an increase in specialist school provision by use of WG grant funding; using grant funding to increase number of places within resource provision in secondary sector</li> </ul>	8
<b>CG02</b> - Significant Loss of Corporate data and systems due to security / environmental / Technical incident	<ul style="list-style-type: none"> <li>Maintain a valid PSN and prepare for Cyber Essentials Accreditation.</li> <li>Participation in National Security Groups, such as Warp, and constant review of National Cyber Security Centre guidance.</li> </ul>	15

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

## ANNUAL GOVERNANCE STATEMENT

Strategic Issues for 2023/24	Mitigating Actions	Target Score <sup>1</sup>
	<ul style="list-style-type: none"> <li>• Use of Citrix technologies provides a secure environment which delivers the majority of our business systems.</li> <li>• Maintain a second active datacentre allows for the continual provision of critical systems.</li> <li>• Utilise strong security controls, vulnerability management and delivery mechanism to reduce this risk.</li> <li>• Development of Cyber incident response and recovery plan.</li> <li>• Regular review and testing of IT Disaster Recovery Plan.</li> <li>• Identify list of critical business applications.</li> <li>• Complete full review on IT Security Policies Risk is being taken into account in the review of the Medium-Term Financial Strategy (MTFS) including a review of the adequacy of levels of bad debt provision across the Council</li> <li>• Additional funding (circa £1.05m) from Welsh Government to compensate for losses of 2020/21 council tax collections is helping to provide financial resilience as we enter the recovery phase</li> </ul>	12
	<ul style="list-style-type: none"> <li>• Investigate the potential for automation to free up resource within the IT Service.</li> <li>• Continue with the DSB prioritisation process to reduce burden at any one time.</li> </ul>	6
	<ul style="list-style-type: none"> <li>• Monitor demand for homeless services with a view to informing workforce, prevention activities and homeless accommodation planning</li> <li>• Monitor levels of emergency accommodation with a view to informing workforce, move-on activities and homeless accommodation planning</li> <li>• Monthly financial review of budgets to monitor current expenditure and project in-year an future pressures</li> </ul>	12
	<ul style="list-style-type: none"> <li>• Monitoring Common Housing Register data to ensure the Local Authority has strategic oversight for housing needs to include future build plans and redevelopment of housing stock and/or future policy changes</li> <li>• Ensure Common Allocations Policy adhered to when assessing housing needs and eligibility for Common Housing Register</li> </ul>	

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Strategic Issues for 2023/24	Mitigating Actions	Target Score <sup>1</sup>
<p><b>New code as of 2023/24 – RHC10</b></p>	<ul style="list-style-type: none"> <li>• Use Common Housing Register data to inform Housing Strategy and redevelopment and new build plans for affordable housing as annually through the Housing Prospectus</li> <li>• Monitor notices from within the private sector resulting in homeless presentations to inform future engagement strategies for landlords and agents and scope for purchase options on the back of recent changes from Welsh Local Government Association (WLGA) on the Social Housing Grant (SHG) programme</li> <li>• Monitor expenditure on homeless emergency accommodation with a view to informing financial risk and MTFS / budget planning</li> </ul>	15
<p><b>NR05</b> – Delays in pre-construction process due to planning and Sustainable Drainage Approval Body (SABS) applications</p> <p><b>New code as of 2023/24 – RHC11</b></p> <p><b>Updated description - Delays in pre-construction process due to planning and sustainable drainage approval body (SABS) applications may lead to late delivery of schemes, and loss of Social Housing Grant (SHG) within the annual PDP allocation</b></p>	<ul style="list-style-type: none"> <li>• Monitor programme deliverables in line with agreed timescales and budget.</li> <li>• Delivery risks to be highlighted at regular intervals to Housing Programme Board, Assets Board and Chief Officer of Housing and Communities and any mitigating actions identified and implemented.</li> <li>• Key milestones in pre-construction to be monitored on a scheme-by-scheme basis with the development teams for Flintshire County Council (FCC) projects and Registered Social Landlords (RSL) partners for the PDP (Planned Development Programme). These will be WLGA technical approval, planning approval, SABS approval, contractor appointment and scheme approval.</li> <li>• Mitigations will be realistic time assumptions for SABS, WLGA technical approval and planning processes, resource, redeployment to address “pinch points” and adjustment to PDP to bring forward alternative schemes to maximise SHG allocations to FCC.</li> </ul>	8
<p><b>RPE03</b> - Unable to regenerate Town Centres through implementation of the Town Centre Strategy due to insufficient resources and wider economic trends</p> <p><b>New risk for 2023/24</b></p>	<ul style="list-style-type: none"> <li>• Develop new place making plans to set out future actions in each town. Each plan to be based upon refreshed data analysis, commercial assessment and community consultation</li> <li>• Manage expectations from stakeholders by differentiating between aspirations and agreed actions with resources</li> <li>• Monitor the progress of the place making plans and availability of resources for their delivery.</li> </ul>	4



## ANNUAL GOVERNANCE STATEMENT

Strategic Issues for 2023/24	Mitigating Actions	Target Score <sup>1</sup>
<p><b>RPE55</b> - Inability of the Council to cost its carbon reduction strategy causing issues with identification and commitment of funds to realise the actions needed to become a net zero carbon Council.</p> <p><b>New risk for 2023/24</b></p>	<ul style="list-style-type: none"> <li>• Work with Welsh Government, Welsh Local Government Association and other Welsh local authorities to understand and utilise best practice methods for costing carbon actions. Keep abreast of emerging technological solutions and cost implications of same. Where possible, utilise baseline data to forecast costs of associated decarbonisation works.</li> </ul>	4
<p><b>SS01</b> –Expenditure on out of county placements increases as placement costs increase in a demand led market.</p> <p><b>New code as of 2023/24 – RSS01</b></p>	<ul style="list-style-type: none"> <li>• Working with local providers to reshape the residential market</li> <li>• Maximising local housing options</li> </ul>	9
<p><b>SS22</b> - An insufficient supply of placements leads to young people being placed in unregistered settings</p> <p><b>New code as of 2023/24 – RSS22</b></p>	<ul style="list-style-type: none"> <li>• Implement Multiagency Support Team to work with families of young people on the edge of care and prevent placement breakdown</li> <li>• Combat exploitation through the Strategic and Operational MET (Missing, Exploitation, Trafficking) group</li> <li>• Develop policies and models to attract new foster carers and expand the type of placements offered</li> <li>• Working with local providers to reshape the residential market</li> <li>• Maximising local housing options</li> </ul>	9
<p><b>ST-S07</b> - Inability to achieve national recycling targets due to increased residual waste tonnages collected</p> <p><b>New code as of 2023/24 – RST07</b></p>	<ul style="list-style-type: none"> <li>• Undertake a review of the Council Waste Strategy to identify improve service delivery methods to minimise residual waste disposal and increase recycling.</li> </ul>	2
<p><b>CF18</b> - Impact on the stability of the Medium-Term Financial Plan of increases in service demand, high inflation and reduced future Welsh Government Local Government Settlements</p> <p><b>New code as of 2023/24 – RCF18</b></p>	<ul style="list-style-type: none"> <li>• Regular monitoring of the financial impact across the organisation</li> <li>• Analysis of funding support announcements by WG in line with above</li> <li>• Reporting impact to Financial TCG on a weekly basis</li> <li>• Weekly engagement with Society of Welsh Treasurers (SWT) to gain all Wales position</li> <li>• Regular liaison with WLGA contacts re escalation with Welsh Government</li> </ul>	9

## ANNUAL GOVERNANCE STATEMENT

Strategic Issues for 2023/24	Mitigating Actions	Target Score <sup>1</sup>
<p><b>RCF09</b> - Sufficient funding capacity to meet Welsh Housing Quality Standards 2.0 targets</p> <p><b>New risk for 2023/24</b></p>	<ul style="list-style-type: none"> <li>Finance and service area are working to assess financial impact and mitigation options, findings reported through to SMT, programme board and COT</li> </ul>	
<p><b>CPA01</b> - Impact of restructuring and efficiency savings over time. Resulting in reduction in HR to point where fulfilling current and increasing service demand is untenable</p> <p><b>New code as of 2023/24 – RCPA01</b></p> <p><b>New description as of 2023/24 – Difficulties in fulfilling workload, recruiting and retaining the right/qualified staff and the impact on the existing workforce. This is a result of multiple factors such as: reduced human resource as a result of historic restructuring and efficiencies; workforce demographics; loss of professional qualified employees.</b></p>	<ul style="list-style-type: none"> <li>Commission service delivery, with supporting budget</li> <li>Explore different ways of working</li> <li>Review workload/demand and resource</li> </ul>	12
<p><b>RCPA09</b> - Compliance with carbon targets for corporate assets/ property</p> <p><b>New risk for 2023/24</b></p>	<ul style="list-style-type: none"> <li>All corporate offices have a Building Management System (BMS) . Ty Dewi Sant BMS is being upgraded and will be completed in 24/25 financial year.</li> <li>Building Management systems are being installed in schools, as of May 2024 this project is 80% complete.</li> <li>All new Schools and care homes being constructed will be achieving the Net Zero Carbon requirement, examples being; Mynydd Isa Campus, Ysgol Croes Atti, Flint and the new Croes Atti residential care home.</li> <li>The annual Capital and Repair and Management programme to routinely undertake projects, such as reroofing (and in doing so insulation is brought up to the required standard), single glazed windows to be replaced by thermally efficient units.</li> <li>The phase out of oil boilers of the school’s portfolio has been completed and other boilers within the school’s portfolio to be replaced with the most efficient product available.</li> </ul>	4

## ANNUAL GOVERNANCE STATEMENT

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

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

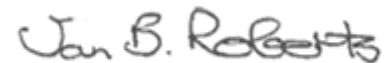
## ANNUAL GOVERNANCE STATEMENT

### Certification

The review provides good overall assurance that Flintshire County Council's arrangements continue to be regarded as fit for purpose in accordance with the governance framework requirements for Local Authorities within Wales.

Opportunities to maintain and develop the Council's governance arrangements have been identified through this review. We pledge our commitment to addressing these issues over the coming year and we will monitor their implementation and operation as part of our next annual review.

Signed on behalf of Flintshire County Council



**Neal Cockerton – Chief Executive**

**Cllr. Ian B Roberts – Leader of the Council**