

Statement of Accounts

DRAFT

2024-25

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NARRATIVE REPORT

INTRODUCTION

This narrative report summarises Flintshire County Council's Statement of Accounts for 2024/25 and details income and expenditure on service provision for the financial year 1st April 2024 to 31st March 2025 and the value of the Council's assets and liabilities as at 31st March 2025. The Group Accounts incorporate the Council's Financial Statements with those of its wholly owned subsidiaries North East Wales Homes Ltd (NEW Homes), Flintshire Libraries and Leisure Ltd (Gwella) and Newydd Catering and Cleaning Ltd.

The Accounts have been prepared in accordance with the 2024/25 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. As has been the case for most Councils across Wales over the last few years, due to a number of historic issues, it meant that the Council was unable to finalise the Accounts within the earlier legislative deadline of 31st May 2025. However, the Council has been able to prepare and submit the Accounts to the Council's external auditors in advance of the framework set out by Welsh Government of 30th June 2025.

The Council set its budget for the 2024/25 financial year in the context of continued rising demand for its services and increases in inflation. Due to these rising costs and a continued increase in demand for essential services, there were some significant overspends within some portfolio areas. However, due to the receipt of additional grant funding and the other specific mitigations put in place, total expenditure overall was limited to £0.296m over the approved budget. The extent of the pressure on budgets was mitigated in part, through a combination of one-off savings, good financial management and control, which included a specific in-year moratorium on non-essential spend. Despite these significant challenges, the Council still managed to achieve 99% of its budgeted cost reductions in-year.

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

The finance service aspires to develop a Statement of Accounts that is more accessible to users. Flintshire County Council is a large and diverse organisation and the information contained within these Accounts is technical and complex. The aim of this narrative statement is to provide a general guide to the items of interest and highlight some of the more significant matters that have contributed to the final position for the financial year ending 31st March 2025.

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.

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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 2024/25, due to be reported to Cabinet in September 2025.

In August 2024, an eight week public consultation regarding the Council Plan was undertaken to ensure the views of the diversity of Flintshire's population was considered and the plan is informed by the views of the local communities of Flintshire. The outcome of the consultation has resulted in further consultations with portfolios, Members and Young Flintshire and a new Council Plan is being drafted for 2025/30, which is scheduled to be formally approved at Council on 2nd July 2025.

FINANCIAL PERFORMANCE DURING THE YEAR

The revenue budget covers the Council's day-to-day expenditure and income on items such 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 70% 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 2024/25, there was an increase in funding of 2.5% (the Welsh average increased by 3.3%). Despite the increase, the Council still faced significant cost pressures from factors outside of the Council's control such as inflation and policy directions or new legislation from UK and Welsh Governments. 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 cost reduction options enabled us to plan for £14.873m of new cost reductions in our 2024/25 budget, enabling the Council to provide additional investment in priorities such as social care, schools, 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 2024/25

The Council Fund budget for 2024/25 was set at £368.106m and was approved by Council on 20th February 2024. Budget monitoring information was reported to Cabinet on a monthly basis throughout the year, with the final outturn due to be reported on 15th July 2025.

The budget strategy for 2024/25 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

	2024/25 Budget £000	2024/25 Actual £000	Variance £000
Corporate Services :			
Chief Executive	1,674	1,648	(26)
People and Resources	4,507	4,335	(172)
Governance	12,375	12,357	(18)
Capital Programme & Assets	11,471	11,553	82
	<u>30,027</u>	<u>29,893</u>	<u>(134)</u>
Social Services	107,362	114,417	7,055
Housing and Communities	18,355	20,521	2,166
Streetscene and Transportation	43,570	45,939	2,369
Planning, Environment & Economy	7,998	7,767	(231)
Education and Youth	133,437	132,519	(918)
Net expenditure on services	340,749	351,056	10,307
Central loans and investment account	13,763	12,078	(1,685)
Central and Corporate Finance	13,328	5,308	(8,020)
Total net expenditure	367,841	368,443	602
Contribution from reserves	265	265	0
Budget requirement	368,106	368,708	602
Financed by			
Council tax (net of community council precepts expenditure)	109,579	109,885	(306)
General grants	202,163	202,163	0
Non-domestic rates redistribution	56,364	56,364	0
Total resources	368,106	368,412	(306)
Net variance - overspend	0	296	296

The net overspend of £0.296m combined with other agreed funding transfers resulted in year-end Council Fund revenue reserves of £15.193m.

Revenue Significant Movements

The Social Services portfolio incurred significant overspends in-year across a number of services. Residential care costs for older people was overspent by £2.091m along with homecare overspend of £1.150m. Within the Resource & Regulated Service, care package costs for independently provided care for the Learning Disability service was £1.194m overspent and the in-house Supported Living service was £0.816m overspent due to care hours and agency costs. Out of county placements was overspent by £1.247m following an increase in the number of new placements agreed in-year and fees incurred to external providers.

Within the Streetscene & Transportation portfolio, there were a number significant variances including highways maintenance costs and an unachieved budget reduction pressure of £0.400m related to household recycling centres (charging and trade waste) and school transport due to transport contractor costs increasing, driven by inflation and cost of living.

The Housing Solutions service reflects a net overspend of £2.153m attributed to an increase in homelessness demand costs.

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Within the Central & Corporate Finance area, there was an over recovery of income of £1.063m within the Central Loans and Investment Account (CLIA) 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. As a result of the refinancing of Enfinium Group Ltd into Enfinium Parc Adfer Ltd, there was a gainshare benefit to all partner authorities within the North Wales Residual Waste Partnership, with the Flintshire net gainshare from this being £2.108m. The 2024 pay awards were agreed at a level that resulted in a favourable movement of £0.755m compared to the budget, supported by additional funding for pay pressures by Welsh Government of £3.333m. The Council also received notification in late March of additional revenue funding from Welsh Government to support various cost pressures, totalling £2.109m.

North Wales Corporate Joint Committee

The North Wales Corporate Joint Committee (CJC) was established during 2021/22 and comprises of the six north wales local authorities and Eryri National Park. This joint committee is responsible for strategic development, planning, regional transport planning and promoting the economic well-being of North Wales. Flintshire County Council's contribution for 2024/25 was £0.173m (£0.171m in 2023/24).

The CJC is the sponsoring group and the decision-making local government body for the North Wales Economic Ambition Board (NWEAB). As a member of the 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 2024/25 financial statements is £1.017m (£0.687m in 2023/24).

Further detail on this can be found here: <https://ambitionnorth.wales>

Housing Revenue Account

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

	2024/25 Budget	2024/25 Actual	Variance
	£000	£000	£000
Estate Management	3,206	2,369	(837)
Landlord Services	1,798	1,764	(34)
Repairs & Maintenance	12,741	21,447	8,706
HRA Projects	130	255	125
Finance & Support	1,655	1,600	(55)
Revenue contributions to fund capital expenditure	14,467	8,601	(5,866)
Net expenditure on services	33,996	36,036	2,040
Central loans and investment account	6,848	7,191	343
Support Services	1,041	975	(66)
Total net expenditure	41,885	44,201	2,316
Contribution from reserves	281	(1,237)	(1,518)
Budget requirement	42,166	42,964	799
Financed by			
Rents	(42,025)	(42,364)	(339)
Grants and other income	(141)	(600)	(459)
Total resources	(42,166)	(42,964)	(799)
Net variance	0	0	0

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The Council are in the implementation stage of the Welsh Housing Quality Standards (WHQS) 2. The Council are 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. Welsh Government awarded an additional £1.4m Major Repairs Allowance grant, to contribute to these work streams.

WHQS 2 proposes to reduce the carbon emissions from social housing and in doing so contribute to the Welsh target of Net Zero Carbon emissions. In support of the target, Welsh Government requested that all local authorities assess the condition of their stock and they have contributed additional funding of £0.516m to assist us in completing the assessment. Welsh Government have also requested target energy pathways for all stock to establish what works are required to achieve an Energy Performance Certificate (EPC) 'A' rating and these are to be completed by 2027. The standard sets out how this can be achieved by balancing the performance of homes with a high carbon footprint, against more efficient homes. This approach is proposed because not all homes will be able to reach the required carbon standards. Year 2 of Welsh Government grant funding - Optimised Retrofit Programme (ORP) was secured in 2024/25, totaling £6.472m.

In 2024/25 there was a drive to reduce the backlog of void properties and Welsh Government provided grant funding via the Transitional Accommodation Capital Funding Programme (TACP). This enabled the long term void properties to be brought back into use and in turn reduce the homeless numbers.

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. As a result of early intervention and support offered to tenants, net rent arrears have reduced from £2.263m in 2023/24 to £1.984m in 2024/25. The HRA maintains a prudent level of reserves and a bad debt provision which should be sufficient to mitigate any losses in future years.

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 2024/25 capital programme was approved to the sum of £54.824m (HRA £29.498m and Council Fund £25.326m); this figure increased during the course of the year as new funding streams were confirmed to a final programme total of £101.588m, (HRA £26.519m and Council Fund £75.069m). Capital Programme budget monitoring information was reported to Cabinet and Corporate Resources Overview and Scrutiny Committee on a quarterly basis throughout the year, with the final outturn due to be reported on 15th July 2025.

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, development of a new residential care home, redevelopment of Theatr Clwyd and investment in schools which includes the Sustainable Communities for Learning Programme.

	2024/25 Budget £000	2024/25 Actual £000	Variance £000
People and Resources	16	0	(16)
Governance	2,698	2,218	(480)
Education and Youth	16,363	15,961	(402)
Social Services	19,077	19,077	0
Planning, Environment & Economy	2,723	2,691	(32)
Streetscene and Transportation	6,366	6,313	(53)
Housing and Communities	2,947	2,947	0
Capital Programme & Assets	24,879	24,064	(815)
Housing Revenue Account	26,519	26,519	0
Programme Total	101,588	99,790	(1,798)

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The programme was financed as follows -

	2024/25
	£000
Supported borrowing	4,017
Other borrowing (including Salix loans)	13,852
Capital receipts	1,838
Capital grants and contributions	71,030
Capital reserves/capital expenditure funded from revenue account	9,053
Core financing	99,790

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 six year period will be funded by an interest free 'innovate to save loan' from Welsh Government which will be repaid. During the year £0.187m 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 9 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, 12 properties have been purchased utilising Welsh Government TACP grant funding. 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 187 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 60 units over the next two 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, £14.882m has been utilised to date, with the remaining £22.648m available to be drawn down for future schemes.

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Borrowing

The Council undertook £25.861m of long-term borrowing from the Public Works Loan Board (PWLB) during 2024/25 to fund capital expenditure schemes including building new homes through the SHARP, the development of a new residential care home and the Sustainable Communities for Learning Programme. The Balance Sheet (long-term) borrowing total of £319.792m 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), a further Salix loan of £0.212m with interest at 2.05% and loans totaling £1.810m from Welsh Government for regeneration initiatives 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 2025.

Financial Position as at 31st March 2025

Reserves and Provisions

The Council sets funding aside to meet future liabilities and service developments in provisions and reserves held on the Balance Sheet as at 31st March 2025.

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 2025	Net Overspend	Other	31 March 2024
	£000	£000	£000	£000
Council Fund (unearmarked) balance	15,193	(296)	218	15,271
Earmarked Council Fund reserves	18,510	0	(1,161)	19,671
Locally managed schools	(599)	0	(3,935)	3,336
Housing Revenue Account reserves	6,064	(1,216)	(21)	7,301
Total revenue reserves	39,168	(1,512)	(4,899)	45,579

The Council has a policy of maintaining a base level of reserves of £8.985m 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 £8.985m, known as the contingency reserve and arising from prior year underspends, are available for consideration through Cabinet. The Base Level Reserves were enhanced by £3.216m, from £5.769m 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 2025/26.

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Pension Liability

The pension deficit recorded in the balance sheet of £25.186m, has decreased by £3.525m 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 £92.502m (including interest £0.538m) 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 £861.297m (£784.009m as at 31st March 2024).

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 2024/25 (the fifth year of the current cycle, commencing 1st April 2020) 22% 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 2024/25 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 2025. 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 three years and identifies any funding gap which enables specific actions to be identified to balance the budget and manage resources.

The current financial outlook for the Council, in terms of Welsh Government funding and support for both revenue and capital expenditure, continues to be uncertain in the medium term. Inflation rates are expected to rise above 3% in the near term due to unfavourable base effects, particularly for retail energy prices, with the CPI rate now expected to peak at 3.7% in mid-2025. The Bank Rate was cut to 4.25% in May and is expected to reduce in a gradual manner to 3.75% at the end of 2025. The Council also expects to continue to see increasing pressures and demands across all services.

A revision of the MTFS from 2026/27 and beyond is due to be presented to Cabinet in July. The revision aims to establish a robust baseline of cost pressures which will inform the additional budget requirement that will need to be met from national and local funding streams. The 2025/26 draft local government settlement was disappointing for the Council, with an increase of 3.3% (the Welsh average increased by 4.3%). Due to the disappointing provisional settlement the Council (alongside other Welsh Councils and the Welsh Local Government Association) made representations to Welsh Government for the inclusion of a significant Funding Floor in the final settlement. This was applied resulting in a revised increase of 3.8% (the Welsh average increased by 4.5%), which is still significant lower than the cost pressures the Council is incurring.

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Welsh Government did not include any indication of all-Wales revenue allocations for 2026/27 onwards which provides further uncertainty. Forecasts from the Wales Institute of Fiscal Studies have advised that the Welsh Government budget is front-loaded in 2024/25 and 2025/26 so it is clear that the future funding outlook is likely to continue to be significantly challenging at best. Therefore, it is essential that the Council prioritises work to address the major differential between its anticipated increases to operating costs compared with anticipated increases in income streams, primarily through its developing Strategic Transformation Programme.

There is a commitment from Welsh Government to try and provide indicative funding allocations as part of the 2026/27 settlement which would provide much better certainty for local government budget planning arrangements. Without this certainty it is very difficult to make an accurate assessment of the financial sustainability of the sector, both locally and nationally. This Council will continue to plan in a timely manner and make arrangements for its budget setting process based on the latest information available with a view to being in a position to meet its statutory duty to set a legal and balanced budget each year.

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.

In 2024/25 a Corporate Risk Register was developed and is owned by the Chief Officer Team and Cabinet. A corporate risk register is used to record significant risks that could impact the strategic objectives and operations of an organisation. The corporate risk register identifies potential developments or occurrences which, were they to occur, would jeopardise the Council's ability to achieve its priorities, provide services as planned and fulfil its statutory duties. It is those risks which are deemed necessary to be managed at a corporate level, rather than at portfolio/service level.

The Governance and Audit Committee, as of January 2025 receives a summary of the Council's Corporate Risk Register (previously strategic risks) at both mid-year and end of year. In line with the Risk Management Framework, regular risk profile reports are shared to the Chief Officer Team, as of January 2025 quarterly reporting of the Corporate Risk Register is presented to Cabinet and all Overview and Scrutiny Committees, with individual Overview and Scrutiny Committees challenging the details of risks specific to their scrutiny functions.

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

CHANGES AND FUTURE CHANGES TO THE STATEMENT OF ACCOUNTS

The Council adopted IFRS 16 (Leases) with effect from 1st April 2024. The main impact of the requirements of IFRS 16 is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset and future rents as a liability), a right-of-use asset and a lease liability are now included on the balance sheet from 1st April 2024. As per the Code of Practice the lessee shall not restate comparative information. During the year, no other significant changes have been introduced to the Council's Statement of Accounts.

CHANGE IN ACCOUNTING POLICIES

Changes in accounting for right of use assets, as discussed above. Other than this, minor changes to accounting policies have been made during 2024/25 to reflect changes in the Code of Practice.

FURTHER INFORMATION

The Statement of Accounts is available on the internet (www.flintshire.gov.uk), with further information on accounts and budgets available on request from the Corporate Finance Manager, Flintshire County Council, Ty Dewi Sant, St Davids Park, Ewloe, CH5 3FF.

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 :

THE CHIEF FINANCE OFFICER'S RESPONSIBILITIES

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

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

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

The Chief Finance Officer has also:

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

The Statement of Accounts presents a true and fair view of the financial position of the Council at 31st March 2025, and its income and expenditure for the year then ended.

Signed:



Gary Ferguson CPFA
Corporate Finance Manager (Chief Finance Officer)

Date:

26th June 2025

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).

2024/25

	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	1,648	0	1,648	(53)	1,595
Education & Youth	132,441	3,943	136,384	8,167	144,551
Governance	12,051	(103)	11,948	1,943	13,891
Housing & Communities	20,515	(9)	20,506	(11,446)	9,059
People & Resources	4,335	275	4,610	(209)	4,401
Planning, Environment & Economy	7,762	(292)	7,470	588	8,057
Social Services	114,416	302	114,718	22	114,740
Streetscene & Transportation	45,939	1,225	47,164	4,402	51,565
Central & Corporate Finance	17,651	710	18,361	(17,423)	938
Capital Programme & Assets	11,644	(1,172)	10,472	1,731	12,203
Housing Revenue Account (HRA)	1,216	22	1,238	9,365	10,603
Cost of services	369,618	4,901	374,519	(2,913)	371,603
Other Income and Expenditure	(368,106)	0	(368,106)	(33,193)	(401,299)
(Surplus)/deficit on the provision of services	1,512	4,901	6,413	(36,106)	(29,696)
Opening Council Fund / HRA Reserves			45,578		
In Year Revenue Surplus / (Deficit)					
Council Fund			(5,174)		
HRA			(1,237)		
Closing Council Fund / HRA Reserves			39,167		

2023/24

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

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.

		2024/25			2023/24		
	Note	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
		£000	£000	£000	£000	£000	£000
Service Expenditure Analysis							
Chief Executive's		1,667	(73)	1,594	1,676	(89)	1,587
Education & Youth		187,527	(42,976)	144,551	167,373	(37,362)	130,011
Governance		16,421	(2,530)	13,891	14,764	(2,108)	12,656
Housing & Communities		46,506	(37,447)	9,059	45,802	(37,455)	8,347
People & Resources		4,964	(562)	4,402	5,162	(639)	4,523
Planning, Environment & Economy		16,099	(8,041)	8,058	13,781	(6,364)	7,417
Social Services		151,215	(36,476)	114,739	137,359	(34,179)	103,180
Streetscene & Transportation		90,130	(38,563)	51,567	78,018	(28,285)	49,733
Central & Corporate Finance		7,099	(6,161)	938	5,468	(843)	4,625
Capital Programme & Assets		19,263	(7,060)	12,203	21,202	(3,638)	17,564
HRA		55,207	(44,606)	10,601	30,704	(42,774)	(12,070)
Cost of services		596,098	(224,495)	371,603	521,309	(193,736)	327,573
Other Operating Expenditure	4			37,791			35,609
Financing and Investment (Income) and Expenditure	5			11,273			11,515
Taxation and Non-Specific Grant (Income)	6			(450,364)			(404,374)
(Surplus)/deficit on the provision of services	3			(29,697)			(29,677)
(Surplus)/deficit arising on revaluation of non-current assets				(45,114)			(40,359)
(Surplus)/deficit arising on revaluation of available-for-sale financial assets				0			0
Actuarial (gains) or losses on pension assets and liabilities				(2,480)			(46,884)
Total comprehensive (income) and expenditure				(77,291)			(116,920)

MOVEMENT IN RESERVES STATEMENT

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

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

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

Note	Council Fund Reserves £000	HRA Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves of the Council £000
At 31st March 2024	38,278	7,301	15,013	12,435	73,027	710,982	784,009
In year movement in reserves							
Total comprehensive income and expenditure	28,988	707	0	0	29,695	47,594	77,289
Adjustments between accounting and funding basis under regulations	7 (34,162)	(1,944)	(37)	(499)	(36,642)	36,642	0
Increase/(decrease) in year	(5,174)	(1,237)	(37)	(499)	(6,947)	84,236	77,289
At 31st March 2025	33,104	6,064	14,976	11,936	66,080	795,217	861,297

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

BALANCE SHEET

		31 March 2025		31 March 2024	
	Note	£000	£000	£000	£000
NON-CURRENT ASSETS					
Property, Plant & Equipment	8				
Council dwellings		332,226		328,606	
Other land and buildings		532,867		499,539	
Vehicles, plant, furniture and equipment		18,046		19,768	
Surplus assets		3,359		3,327	
Infrastructure assets		155,370		156,361	
Community assets		5,831		5,524	
Assets under construction		94,551		44,705	
Right of Use Assets		15,127		0	
Total Property, Plant & Equipment			1,157,377		1,057,830
Investment properties and agricultural estate	9		29,356		29,340
Long term investments	11		3,664		3,659
Long term debtors	12		12,440		11,802
NON-CURRENT ASSETS TOTAL			1,202,837		1,102,631
CURRENT ASSETS					
Inventories		930		833	
Short term debtors (net of impairment provision)	13	109,314		77,775	
Short term investments	14	0		5,083	
Cash and cash equivalents	15	14,979		31,099	
Assets held for sale	10	513		513	
CURRENT ASSETS TOTAL			125,736		115,303
CURRENT LIABILITIES					
Borrowing repayable on demand or within 12 months	16	(53,999)		(44,204)	
Short term creditors	17	(52,934)		(48,798)	
Provision for accumulated absences	19	(5,872)		(4,151)	
Deferred liabilities	40	(4,032)		(654)	
Grants receipts in advance	18	(5,604)		(5,097)	
Provisions	19	(150)		(58)	
CURRENT LIABILITIES TOTAL			(122,591)		(102,962)
NON-CURRENT LIABILITIES					
Long term creditors	17	(1,120)		(1,185)	
Long term borrowing	20	(311,132)		(294,364)	
Deferred liabilities	40	(4,417)		(1,474)	
Provisions	19	(1,096)		(1,106)	
Other long term liabilities	43	(25,186)		(28,711)	
Grants receipts in advance	18	(1,734)		(4,123)	
NON-CURRENT LIABILITIES TOTAL			(344,685)		(330,963)
NET ASSETS			861,297		784,009

BALANCE SHEET

		31 March 2025		31 March 2024	
	Note	£000	£000	£000	£000
USABLE RESERVES					
Capital Receipts Reserve		14,976		15,013	
Capital Grants Unapplied		11,936		12,435	
Council Fund		15,194		15,271	
Earmarked Reserves	21	17,910		23,007	
HRA		6,064		7,301	
USABLE RESERVES TOTAL			66,080		73,027
UNUSABLE RESERVES					
Revaluation Reserve	22	266,911		231,312	
Capital Adjustment Account	22	563,248		516,775	
Financial Instruments Adjustment Account	22	(3,933)		(4,292)	
Pensions Reserve	22	(25,186)		(28,711)	
Deferred Capital Receipts		49		49	
Accumulated Absences Account	22	(5,872)		(4,151)	
UNUSABLE RESERVES TOTAL			795,217		710,982
TOTAL RESERVES			861,297		784,009

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.

		2024/25		2023/24
		£000	£000	£000 £000
	Note			
Net surplus or (deficit) on the provision of services		29,697		29,677
Adjustment to surplus or deficit on the provision of services for non-cash movements		16,652		12,630
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		<u>(82,218)</u>		<u>(42,798)</u>
Net cash flows from operating activities	23		(35,869)	(491)
Net cash flows from investing activities	24	(16,053)		(20,505)
Net cash flows from financing activities	25	<u>35,802</u>		<u>24,488</u>
Net increase or (decrease) in cash and cash equivalents			<u>19,749</u> (16,120)	<u>3,983</u> 3,492
Cash and cash equivalents at the beginning of the reporting period	15		31,099	27,607
Cash and cash equivalents at the end of the reporting period	15		14,979	31,099

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 2024/25 (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 -

2024/25				
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	(53)	0	(53)
Education & Youth	10,327	(783)	(1,377)	8,167
Governance	1,968	(207)	184	1,945
Housing & Communities	2,420	(133)	(13,734)	(11,447)
People & Resources	11	(211)	(10)	(210)
Planning, Environment & Economy	2,210	(272)	(1,350)	588
Social Services	1,917	(1,126)	(768)	23
Streetscene & Transportation	8,456	(482)	(3,571)	4,403
Central & Corporate Finance	504	2,466	(20,394)	(17,424)
Capital Programme & Assets	1,074	(53)	710	1,731
HRA	25,431	(240)	(15,825)	9,366
Cost of services	54,318	(1,094)	(56,135)	(2,911)
Other Income and Expenditure from the EFA	(67,512)	1,769	32,550	(33,193)
Differences between Council Fund / HRA and CIES surplus / deficit	(13,194)	675	(23,585)	(36,104)

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)
Cost of services	28,036	(8,699)	(54,503)	(35,164)
Other Income and Expenditure from the EFA	(39,879)	4,000	30,751	(5,128)
Differences between Council Fund / HRA and CIES surplus / deficit	(11,843)	(4,699)	(23,752)	(40,292)

NOTES TO THE CORE FINANCIAL STATEMENTS

a. Adjustments for Capital Purposes

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

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

b. Adjustments for Employee Benefit Purposes

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

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

c. Other Adjustments

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

2. SEGMENTAL INCOME AND EXPENDITURE

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

	Revenues from External Customers		Revenues from Transactions with other Operating Segments		Interest Revenues		Interest Expense	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000	£000	£000	£000	£000
Chief Executive's	(68)	(84)	0	0	0	0	0	0
Education & Youth	(4,502)	(4,969)	(2,653)	(2,059)	0	0	0	0
Governance	(2,400)	(1,737)	(1,000)	(1,062)	0	0	0	0
Housing & Communities	(3,252)	(2,058)	(3)	(20)	0	0	0	0
People & Resources	(367)	(302)	(687)	(684)	0	0	0	0
Planning, Environment & Economy	(2,718)	(2,539)	(213)	(231)	0	0	0	0
Social Services	(15,920)	(13,512)	(216)	(147)	0	0	0	0
Streetscene & Transportation	(36,420)	(26,592)	(1,663)	(1,011)	0	0	0	0
Central & Corporate Finance	(2,687)	(676)	0	0	(2,819)	(3,010)	9,596	8,788
Capital Programme & Assets	(8,806)	(5,738)	(786)	(573)	0	0	0	0
HRA	(43,774)	(40,051)	0	0	0	0	5,414	5,121
	(120,914)	(98,258)	(7,221)	(5,787)	(2,819)	(3,010)	15,010	13,909

3. INCOME AND EXPENDITURE ANALYSED BY NATURE

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

Nature of Expenses	2024/25	2023/24
	£000	£000
Expenditure		
Employee benefit expenses	240,604	227,955
Other service expenses	304,170	270,178
Depreciation, amortisation & impairment	54,949	28,559
Interest payments	15,520	14,129
Precept and levies	37,668	35,280
(Gain) or loss on disposal of fixed assets	(792)	(553)
(Gain) or loss on disposal of investment property	(264)	(374)
	651,855	575,174
Income		
Fees, charges and other service income	(118,327)	(95,538)
Grants and contributions	(376,988)	(338,309)
Interest and investment income	(6,599)	(6,738)
Income from council tax and non-domestic rates	(179,636)	(164,266)
	(681,550)	(604,851)
(Surplus) or deficit on the provision of services	(29,695)	(29,677)

NOTES TO THE CORE FINANCIAL STATEMENTS

4. OTHER OPERATING EXPENDITURE

	2024/25	2023/24
	£000	£000
Precept - Office of North Wales Police and Crime Commissioner	23,105	21,922
Other preceptors - Community Councils	3,606	3,421
Levy - North Wales Fire and Rescue Authority	10,957	9,936
Net gain on the disposal of fixed assets	(793)	(553)
Admin. expenses on the net defined benefit liability	916	882
	<u>37,791</u>	<u>35,608</u>

5. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2024/25	2023/24
	£000	£000
Interest payable and similar charges	15,521	14,129
Investment losses and investment expenditure	1,588	1,197
Net interest on the net defined benefit liability	853	3,118
Interest and investment income	(6,599)	(6,739)
Net gain on the disposal of investment properties	(264)	(374)
Movement in expected credit loss on financial assets	175	182
	<u>11,274</u>	<u>11,513</u>

6. LOCAL TAXATION AND NON-SPECIFIC GRANT INCOME

	2024/25	2023/24
	£000	£000
Council tax income	(123,272)	(113,426)
Non-domestic rates	(56,364)	(50,840)
Non-ringfenced government grants	(204,273)	(201,154)
Capital grants and contributions	(66,455)	(38,953)
	<u>(450,364)</u>	<u>(404,373)</u>

Council Tax

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

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

The tax base is the total of all the properties in each band expressed as Band 'D' equivalent numbers and adjusted for exemptions, discounts and disregards. Allowances are also made within the tax base for bad or doubtful debts. The tax base for 2024/25 was 66,081 Band 'D' equivalent properties (65,815 in 2023/24).

NOTES TO THE CORE FINANCIAL STATEMENTS

The Flintshire County Council precept for a Band 'D' property in 2024/25 was £1,658.25 (£1,521.33 in 2023/24). 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	7.08	2,355.33	6,375.44	16,288.22	11,993.80	12,324.89	10,395.67	4,982.50	1,104.50	446.83

Other precepts added to 2024/25 council tax demand notices included the North Wales Police and Crime Commissioner precept in the sum of £23.105m (£21.922m in 2023/24) and 34 town and community councils who collectively raised precepts totalling £3.606m (£3.421m in 2023/24).

Analysis of the net proceeds from Council Tax -

	2024/25	2023/24
	£000	£000
Council tax collected	137,233	126,211
(Increase)/Decrease in bad debts provision	26	(10)
Council Tax Reduction Scheme	(13,324)	(12,298)
Amounts written off to provision	(663)	(477)
	<u>123,272</u>	<u>113,426</u>
Less - Payable to North Wales Police and Crime Commissioner	(23,105)	(21,922)
Less - Payable to Town and Community Councils	(3,606)	(3,421)
	<u>96,561</u>	<u>88,083</u>

Non-Domestic Rates (NDR)

NDR is organised on a national basis. The government sets the multiplier which in 2024/25 was 56.2p for all properties (53.5p in 2023/24). 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. 2024/25 NDR income paid into the pool was £66.696m after relief and provisions (£58.736m in 2023/24), based on a year end rateable value total of £147.354m (£149.654m in 2023/24).

Analysis of the net proceeds from NDR -

	2024/25	2023/24
	£000	£000
NDR collected	64,642	55,098
Less - Paid into NDR pool	(66,696)	(58,736)
Less - Cost of collection	(451)	(430)
(Increase)/Decrease in bad debts provision	(57)	(21)
Relief Schemes	2,562	4,089
	<u>0</u>	<u>0</u>
Receipts from pool	56,364	50,840
	<u>56,364</u>	<u>50,840</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

7. ADJUSTMENTS BETWEEN ACCOUNTING AND FUNDING BASIS UNDER REGULATIONS

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

	Usable Reserves				Unusable Reserves
	Council Fund Balance	HRA	Capital Receipts Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000
2024/25					
Adjustments involving the Capital Adjustment Account:					
Reversal of items debited or credited to the CIES:					
Charges for depreciation and impairment of non current assets	20,975	25,076	0	0	(46,051)
Revaluation losses on property, plant and equipment	2,125	37	0	0	(2,162)
Movements in the market value of investment properties	(699)	0	0	0	699
Capital grants and contributions applied	0	0	0	(71,031)	71,031
REFCUS	5,787	318	0	0	(6,105)
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	607	23	0	0	(630)
Inclusion of items not debited or credited to the CIES:					
Statutory provision for the financing of capital investment	(7,569)	(1,729)	0	0	9,298
Capital expenditure charged against the Council Fund and HRA balances	(451)	(8,601)	0	0	9,052
Adjustments involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to CIES	(53,698)	(16,835)	0	70,533	0
Adjustments involving the Capital Receipts Reserve:					
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(1,617)	(70)	2,009	0	(322)
Use of the Capital Receipts Reserve to finance new capital expenditure or repay debt	0	0	(2,046)	0	2,046
Adjustments involving the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(359)	0	0	0	359
Adjustments involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the CIES	20,461	1,187	0	0	(21,648)
Employer's pensions contributions and direct payments to pensioners payable in the year	(21,341)	(1,352)	0	0	22,693
Adjustment involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,719	2	0	0	(1,721)
Adjustments between accounting & funding basis under regulations	(34,163)	(1,944)	(37)	(498)	36,642

NOTES TO THE CORE FINANCIAL STATEMENTS

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

8. PROPERTY, PLANT AND EQUIPMENT

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

The Council's asset valuations are based on guidance from the Royal Institution of Chartered Surveyors (RICS) Red Book Global. Less certainty and a higher degree of caution should be attached to our valuation than would normally be the case. During the year there have been significant movements in build costs, consequently impacting the carrying value of assets. An additional revaluation exercise has been carried out on existing asset valuations to ensure the Accounts are not materially misstated as at 31st March 2025. 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 2024/25

	Council Dwellings & Garages	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Community Assets	Assets under Construction	Right of Use Assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
At 1st April, 2024	328,625	512,115	32,217	3,489	5,529	44,705	11,773	938,453
Additions and Acquisitions	25,410	5,073	4,985	0	312	49,846	6,488	92,114
Revaluation increases / (decreases) recognised in the Revaluation Reserve	2,676	26,186	0	(69)	0	0	362	29,155
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(24,362)	3,075	0	(201)	0	0	0	(21,488)
Assets Derecognised	(23)	0	(2,374)	(12)	0	0	0	(2,409)
Reclassifications	0	(4,782)	0	281	0	0	4,577	76
Other movements in cost or valuation	0	0	0	0	0	0	0	0
At 31st March 2025	332,326	541,667	34,828	3,488	5,841	94,551	23,200	1,035,901
Accumulated Depreciation and Impairment								
At 1st April, 2024	(19)	(12,576)	(13,951)	(162)	(5)	0	(6,273)	(32,986)
Depreciation charge	(6,406)	(16,552)	(5,204)	(44)	(5)	0	(1,380)	(29,591)
Depreciation written out to the Revaluation Reserve	1	16,016	0	21	0	0	217	16,255
Depreciation written out to the Surplus/Deficit on the Provision of Services	6,389	1,917	0	65	0	0	0	8,371
Impairments written out to the Revaluation Reserve	0	4,308	0	0	0	0	10	4,318
Impairments recognised in the Revaluation Reserve	(65)	(4,130)	0	0	0	0	(419)	(4,614)
Reversal of Impairments recognised in the Surplus/Deficit	6,247	1,378	0	0	0	0	6	7,631
Impairments written out to Surplus/Deficit on the Provision of Services	17,936	1,527	0	0	0	0	0	19,463
Impairments recognised in the Surplus/Deficit on the Provision of Services	(24,183)	(943)	0	0	0	0	0	(25,126)
Assets Derecognised	0	0	2,373	12	0	0	0	2,385
Assets reclassified (to)/from Held for Sale	0	255		(21)	0	0	(234)	0
At 31st March 2025	(100)	(8,800)	(16,782)	(129)	(10)	0	(8,073)	(33,894)
Balance Sheet at 31st March 2025	332,226	532,867	18,046	3,359	5,831	94,551	15,127	1,002,007
Balance Sheet at 1st April 2024	328,606	499,539	18,266	3,327	5,524	44,705	5,500	905,467

NOTES TO THE CORE FINANCIAL STATEMENTS

Movements 2023/24

	Council Dwellings & Garages	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Community Assets	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1st April, 2023	301,302	488,371	35,672	5,482	5,408	16,160	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
At 31st March 2024	328,625	512,115	39,992	3,489	5,529	44,705	934,455
Accumulated Depreciation and Impairment							
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
At 31st March 2024	(19)	(12,576)	(20,224)	(162)	(5)	0	(32,986)
Balance Sheet at 31st March 2024	328,606	499,539	19,768	3,327	5,524	44,705	901,469
Balance Sheet at 1st April 2023	301,283	471,600	20,212	4,319	5,408	16,160	818,982
Nature of Asset Holding							
Owned	328,606	499,539	18,266	3,327	5,524	44,705	899,967
Finance Lease	0	0	1,502	0	0	0	1,502
At 31st March 2024	328,606	499,539	19,768	3,327	5,524	44,705	901,469

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

Infrastructure Assets

	2024/25	2023/24
	£000	£000
At 1st April	156,361	156,994
Additions	6,049	6,251
Depreciation	(7,040)	(6,884)
At 31st March	155,370	156,361

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

Fair Value Measurement of Surplus Assets

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

	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair Value as at 31 March £000
2024/25 Surplus Assets	0	0	3,359	3,359
2023/24 Surplus Assets	0	684	2,642	3,326

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

	2024/25	2023/24
	£000	£000
Cost or Valuation		
At 1st April	29,628	29,163
Reclassifications	(76)	0
Additions	432	217
Revaluation increases/(decreases) to Surplus/Deficit	699	686
Other adjustments	(607)	(438)
At 31st March	30,076	29,628
Depreciation and Impairments		
At 1st April	288	71
Reclassifications	0	0
Reversal of Impairments recognised in the Surplus/Deficit	0	0
Impairment/ Depreciation	432	217
At 31st March	720	288
Balance Sheet at 31st March	29,356	29,340

Fair Value Measurement of Investment Property

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

	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair Value as at 31 March £000
2024/25				
Commercial and Industrial Estates	0	0	15,332	15,332
Agricultural Estate - Farms	0	11,623	0	11,623
Agricultural Estate - Grazing land	0	0	2,401	2,401
	0	11,623	17,733	29,356
2023/24				
Commercial and Industrial Estates	0	0	14,784	14,784
Agricultural Estate - Farms	0	12,211	0	12,211
Agricultural Estate - Grazing land	0	0	2,345	2,345
	0	12,211	17,129	29,340

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 2024/25 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 International Financial Reporting Standards (IFRS) 13 Fair Value requirements, using the market approach for such assets but reflecting the specific circumstances of each asset e.g. vacant or subject to an existing tenancy. The valuation hierarchy Level 2 was considered appropriate given details of the market comparators were provided as part of the valuation report. The valuation techniques also considered highest and best use reflecting what is physically possible or legally permissible.

Significant Unobservable Inputs – Level 3

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

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

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

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

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

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

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

10. ASSETS HELD FOR SALE

	Council Dwellings & Garages £000	Other Property, Plant & Equipment £000	Investment Properties £000	Total £000
At 1st April 2024	0	438	75	513
Additions	0	0	0	0
Assets newly classified as held for sale	0	0	0	0
Assets declassified as held for sale	0	0	0	0
Net Reclassifications	0	0	0	0
Impairments	0	0	0	0
Revaluation gains	0	0	0	0
Revaluation losses	0	0	0	0
Net Revaluations	0	0	0	0
Assets sold	0	0	0	0
At 31st March 2025	0	438	75	513

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

Fair Value Measurement of Assets Held for Sale

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

	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair Value as at 31 March £000
2024/25 Assets Held for Sale	0	0	513	513
2023/24 Assets Held for Sale	0	0	513	513

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 2025	31 March 2024
	£000	£000
North East Wales Homes Ltd (NEW Homes)	3,664	3,659
	<u>3,664</u>	<u>3,659</u>

12. LONG TERM DEBTORS

	31 March 2025	31 March 2024
	£000	£000
Renewal and improvement loans	1,485	1,599
First time buyer loans	100	100
Affordable housing deposits	49	49
Private street works	52	51
Loans to NEW Homes	10,754	10,003
	<u>12,440</u>	<u>11,802</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

13. SHORT TERM DEBTORS

	31 March 2025	31 March 2024
	£000	£000
Housing Rents	2,056	2,208
Council Tax	6,358	5,668
Grants	58,031	28,676
Benefit Overpayments	1,169	1,499
Taxation	9,511	7,837
NDR	2,726	4,813
Lending	137	131
Payments in advance	4,931	5,370
North Wales Economic Ambition Board (NWEAB)	6,250	7,340
Other	16,131	14,352
NHS	5,341	3,362
	112,641	81,256
Allowance for impairment losses and expected credit losses	(3,327)	(3,481)
	109,314	77,775

Analysis of age of Council Tax debt -

	31 March 2025	31 March 2024
	£000	£000
0-1 year	3,507	3,048
1-2 years	1,350	1,200
2-3 years	644	599
3-4 years	345	435
4-5 years	252	206
5+ years	260	180
	6,358	5,668

14. SHORT TERM INVESTMENTS

	31 March 2025	31 March 2024
	£000	£000
Investments (3 months – 365 days)	0	5,000
Accrued interest	0	83
	0	5,083

NOTES TO THE CORE FINANCIAL STATEMENTS

15. CASH AND CASH EQUIVALENTS

	31 March 2025	31 March 2024
	£000	£000
Cash	710	1,118
Cash - Call accounts	16,195	33,643
Cash overdrawn	(1,926)	(3,662)
	<u>14,979</u>	<u>31,099</u>

16. BORROWING REPAYABLE ON DEMAND OR WITHIN 12 MONTHS

	31 March 2025	31 March 2024
	£000	£000
Accrued interest on long term external borrowing	3,141	6,085
Loans maturing	2,436	4,240
Annuity/EIP loan repayments	5,680	3,213
Energy Efficiency Loans (from Salix Finance Ltd.)	544	495
Short term external borrowing	42,000	30,000
Accrued interest on short term external borrowing	198	171
	<u>53,999</u>	<u>44,204</u>

17. CREDITORS

	31 March 2025	31 March 2024
	£000	£000
Short Term		
Rents received in advance	495	486
Council Tax received in advance and accounts in credit	1,643	1,662
Deposits	263	440
Receipts in advance	4,411	4,476
Employee related	8,518	8,098
Other	37,604	33,636
	<u>52,934</u>	<u>48,798</u>
Long Term		
Deposits	350	416
Receipts in advance	770	620
Other	0	149
	<u>1,120</u>	<u>1,185</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

18. GRANT INCOME

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

	2024/25 £000	2023/24 £000
Credited to Taxation and Non-Specific Grant Income		
Revenue Support Grant	202,163	201,154
Additional funding to support revenue pressures	2,109	0
Total Non-Ringfenced Government Grants	204,272	201,154
WG:		
Major Repairs Allowance (MRA)	6,406	4,980
General Capital Grant	4,125	4,134
Housing with Care Fund	4,122	1,529
School Improvement Grant	1,742	401
Active Travel Fund	1,327	1,118
Optimised Retrofit	6,472	1,632
Additional Learning Needs	1,010	1,002
Community Focus Grant	1,771	284
Integration and Rebalancing Capital Fund	8,166	2,217
Transitional Accommodation Capital Programme	3,639	1,077
Sustainable Communities for Learning Programme	9,064	0
Other WG Grants*	5,819	2,930
Arts Council Wales	7,474	16,214
Theatr Clwyd Contribution	3,547	0
Department for Culture, Media and Sport	1,572	0
Other Capital Grants and Contributions	199	1,435
Total Capital Grants and Contributions	66,455	38,953
	270,727	240,107

*2023/24 includes Childcare Offer Grant (£0.453m) separately disclosed in 2023/24.

Credited to Services

WG

Housing Support Grant	8,462	7,829
Post 16	5,479	5,366
Education Improvement Grant*	0	5,700
Children & Communities Grant	6,952	6,177
Support for additional pay pressures and SCAPE pension costs	5,632	0
Concessionary Fares	2,027	1,400
Regional Integration Fund	7,449	6,580
LA Education Grant	25,374	15,263
Social Services Workforce	1,951	1,954
Transitional Accommodation Capital Programme - Compensation	0	2,313
Bus Network Grant (replaces Bus Emergency Scheme/Bus Transition Fund)	1,315	1,271
Ukraine Response Scheme	770	1,458
Other	7,281	9,925
Department of Work and Pensions	25,851	26,454
Shared Prosperity Fund	3,178	1,112
Other Grants and Contributions**	4,539	5,399
	106,260	98,201

*included with LA Education Grant for 2024/25.

**2023/24 includes GWE Contributions (£0.948m) separately disclosed in 2023/24.

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 2025 £000	31 March 2024 £000
Short Term		
Revenue Grants	1,239	1,609
Capital Grants - NWEAB	3,847	2,990
Capital Contributions	303	310
Revenue Contributions	215	188
	<u>5,604</u>	<u>5,097</u>
Long Term		
Revenue Grants	126	0
Capital Grants - NWEAB	1,349	3,625
Revenue Contributions	138	305
Capital Contributions	121	193
	<u>1,734</u>	<u>4,123</u>

19. PROVISIONS

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

	31 March 2025 £000	Additions £000	Expenditure Incurred £000	Unwinding Discounting £000	31 March 2024 £000
Current Liabilities					
(A) Aftercare of former landfill sites	32	(25)	0	0	58
(B) Employee Termination Benefits	118	118	0	0	0
	<u>150</u>	<u>93</u>	<u>0</u>	<u>0</u>	<u>58</u>
Non-Current Liabilities					
(A) Aftercare of former landfill sites	1,096	7	(40)	23	1,106
	<u>1,096</u>	<u>7</u>	<u>(40)</u>	<u>23</u>	<u>1,106</u>

- (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.
- (B) The Council was sufficiently committed with some proposals at the balance sheet date to warrant the creation of a provision in 2024/25 for the termination benefits of employees leaving the Council's employment in 2025/26.

NOTES TO THE CORE FINANCIAL STATEMENTS

Accumulated Absences

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

20. LONG TERM BORROWING

Analysis	Interest Rates		31 March 2025	31 March 2024
	Minimum %	Maximum %	£000	£000
By Loan Type (Fixed Rate)				
Salix Finance (Energy Efficiency)	2.05	2.05	1,786	2,118
Government (PWLB)	1.16	9.50	288,586	271,571
Other financial institutions	4.48	4.58	18,950	18,950
WG	Interest Free		1,810	1,725
			311,132	294,364
By Maturity				
Between 1 and 2 years			9,307	6,445
Between 2 and 5 years			31,055	22,030
Between 5 and 10 years			68,169	44,750
More than 10 years			202,601	221,139
			311,132	294,364

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 net balance under the delegation of budgets to schools which remained unspent or were overspent 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.
- 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 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 2023	Transfers Out 2023/24	Transfers In 2023/24	Balance at 31 March 2024	Transfers Out 2024/25	Transfers In 2024/25	Balance at 31 March 2025
	£000	£000	£000	£000	£000	£000	£000
Service balances	6,184	(3,745)	887	3,326	(1,271)	234	2,289
School balances	6,717	(8,326)	4,945	3,336	(8,330)	4,395	(599)
Insurance Reserves	2,201	(722)	903	2,382	(1,252)	1,304	2,434
Employment Claims	110	0	0	110	(18)	0	92
Schools Intervention	706	(877)	222	51	(428)	417	40
Schools HwB ICT Replacement	526	0	263	789	0	263	1,052
Free School Meals	30	(30)	0	0	0	0	0
Flintshire Trainees	563	(241)	0	322	(249)	0	73
Workforce Costs	843	0	0	843	(388)	0	455
Investment in Organisational Change	1,351	(379)	0	972	(90)	0	882
Design Fees	250	(11)	0	239	(88)	0	151
Rent Income Shortfall	106	0	25	131	0	0	131
County Elections	75	(3)	303	375	0	0	375
Customer Service Strategy	22	(15)	0	7	0	0	7
ICT Servers	170	(170)	0	0	0	0	0
IT Infrastructure HwB	313	(173)	0	140	(56)	0	84
COVID-19 Inquiry	142	0	0	142	(101)	0	41
Organisational Change/ADM	874	(756)	483	601	(315)	1,587	1,873
Local Development Plan	115	(115)	0	0	0	0	0
Solar Farms	63	(51)	169	181	0	122	303
Supervision Fees	49	0	0	49	(49)	0	0
Warm Homes Admin Fee Income	316	(21)	0	295	0	78	373
NWEAB	331	0	360	691	0	326	1,017
Waste Disposal	49	(53)	4	0	0	0	0
Winter Maintenance	250	(250)	0	0	0	0	0
Car Parking	88	0	0	88	(88)	16	16
Community Benefit Fund NWRWTP	683	0	230	913	(236)	290	967
Severe Weather	250	0	0	250	(250)	0	0
20mph Scheme	111	(111)	0	0	0	0	0
Plas Derwen Wave 4	4	0	2	6	0	2	8
Grants & Contributions	7,066	(3,621)	3,323	6,768	(4,652)	3,730	5,846
	30,558	(19,670)	12,119	23,007	(17,861)	12,764	17,910

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.

	2024/25		2023/24	
	£000	£000	£000	£000
Balance at 1st April		231,312		200,081
Upward revaluation of assets	53,742		49,906	
Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	<u>(8,628)</u>		<u>(9,546)</u>	
Surplus or (deficit) on revaluation of non-current assets not posted to the surplus/deficit on the provision of services		45,114		40,360
Difference between fair value depreciation and historical cost depreciation	(9,515)		(8,865)	
Accumulated gains on assets sold or scrapped	0		(15)	
Adjustment*	<u>0</u>		<u>(249)</u>	
Amount written off to the capital adjustment account		(9,515)		(9,129)
Balance at 31st March		<u>266,911</u>		<u>231,312</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.

	2024/25		2023/24	
	£000	£000	£000	£000
Balance at 1st April		(4,292)		(4,652)
Proportion of premiums incurred in previous financial years to be charged against the Council Fund balance in accordance with statutory requirements	<u>359</u>		<u>360</u>	
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements		359		360
Balance at 31st March		<u>(3,933)</u>		<u>(4,292)</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.

	2024/25 £000	2023/24 £000
Balance at 1st April	(28,711)	(77,723)
Return on plan assets	(38,666)	37,577
Actuarial gains and (losses)	122,144	20,286
Net charges to surplus / deficit on provision of services	(21,648)	(23,829)
Employers' contributions payable to the scheme	22,693	25,957
Flintshire County Council's share of the remeasurements of the net pension defined benefit asset relating to NWEAB	(8)	(5)
Asset Ceiling Adjustment	(80,990)	(10,974)
Balance at 31st March	<u>(25,186)</u>	<u>(28,711)</u>

Accumulated Absences Account

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

	2024/25 £000 £000	2023/24 £000 £000
Balance at 1st April	(4,151)	(6,722)
Settlement or cancellation of accrual made at the end of the preceding year	4,151	6,722
Amounts accrued at the end of the current year	<u>(5,872)</u>	<u>(4,151)</u>
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,721)	2,571
Balance at 31st March	<u>(5,872)</u>	<u>(4,151)</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

Capital Adjustment Account

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

The account contains accumulated gains and losses on investment properties and revaluation gains accumulated on property, plant and equipment before 1st 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.

	2024/25		2023/24
	£000	£000	£000 £000
Balance at 1st April		516,775	465,567
Reversal of items relating to capital expenditure debited or credited to the CIES:			
- Charges for depreciation and impairment of non-current assets	(46,051)		(18,313)
- Revaluation losses on Property, Plant & Equipment	(2,162)		(3,315)
- Movements in the market value of investment properties debited or credited to the CIES	699		686
- REFCUS	(6,106)		(6,407)
- Soft loan accounting adjustments	103		103
- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(630)		(509)
	<u>(54,147)</u>		<u>(27,756)</u>
Adjusting amounts written out of the Revaluation Reserve	<u>9,515</u>		<u>9,129</u>
Net written out amount of the cost of non-current assets consumed in the year		(44,632)	(18,626)
Capital financing applied in the year:			
- Use of the capital receipts reserve to finance capital expenditure	1,837		5,672
- Capital grants and contributions credited to the CIES that have been applied to capital financing	71,031		44,038
- Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances	9,298		6,385
- Capital expenditure charged against the Council Fund and HRA balances	9,053		13,840
- Use of the capital receipts reserve to repay debt	208		200
Long term debtors adjustments - Loan repayments	(322)		(301)
		91,105	69,834
Balance at 31st March		<u>563,248</u>	<u>516,775</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 -

	2024/25	2023/24
	£000	£000
Interest received	2,572	2,721
Interest paid	(18,415)	(10,757)

24. CASH FLOW STATEMENT - INVESTING ACTIVITIES

	2024/25	2023/24
	£000	£000
Purchase of property, plant & equipment, investment property and intangible assets	(92,522)	(63,401)
Purchase of short term and long term investments	0	(5,000)
Other payments for investing activities	(862)	0
Proceeds from the sale of property, plant & equipment, investment property and intangible assets	1,686	1,466
Proceeds from short term and long term investments	5,000	5,000
Other receipts from investing activities	70,645	41,430
Net cash flows from investing activities	<u>(16,053)</u>	<u>(20,505)</u>

25. CASH FLOW STATEMENT - FINANCING ACTIVITIES

	2024/25	2023/24
	£000	£000
Cash receipts of short term and long term borrowing	68,159	42,111
Cash payments for the reduction of the outstanding liability relating to finance leases	6,321	(621)
Repayment of short term and long term borrowing	(38,678)	(17,002)
Net cash flows from financing activities	<u>35,802</u>	<u>24,488</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

26. OFFICERS' REMUNERATION

Senior Employee Emoluments

The Accounts and Audit (Wales) Regulations 2014 (as amended) requires disclosure (in £5,000 bandings) of the number of employees whose remuneration - all sums paid to or receivable by the employee including payments on termination of employment, expense allowances chargeable to tax, and the money value of benefits - exceeding £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	2024/25		2023/24	
	Non-Schools	Schools	Non-Schools	Schools
	No.	No.	No.	No.
£60,000 - £64,999	16	62	16	41
£65,000 - £69,999	19	32	17	32
£70,000 - £74,999	3	29	0	32
£75,000 - £79,999	2	21	3	13
£80,000 - £84,999	2	12	2	15
£85,000 - £89,999	0	8	0	1
£90,000 - £94,999	0	3	0	5
£95,000 - £99,999	0	2	0	1
£100,000 - £104,999	0	2	0	6
£105,000 - £109,999	0	3	0	2
£110,000 - £114,999	0	3	0	1
£115,000 - £119,999	0	1	0	1
£120,000 - £124,999	0	1	0	0
£125,000 - £129,999	0	0	0	0
£130,000 - £134,999	0	0	0	1
£135,000 - £139,999	0	1	0	0
	42	180	38	151

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	2024/25 Employer's Pension		2023/24 Employer's Pension	
		Remuneration £	Contributions £	Remuneration £	Contributions £
Chief Executive	1	147,925	28,254	144,317	29,874
Chief Officer Governance	1 & 2	108,642	20,751	114,111	23,621
Chief Officer Education & Youth		108,642	20,751	105,992	21,940
Chief Officer Social Services	3	92,710	17,708	80,844	16,735
Former Chief Officer Social Services	4	35,331	6,748	105,992	21,940
Chief Officer Planning, Environment & Economy		108,642	20,751	105,992	21,940
Chief Officer Streetscene & Transportation		108,642	20,751	101,318	20,973
Chief Officer Housing & Communities		103,851	19,836	97,812	20,247
Corporate Finance Manager (Section 151 Officer)		82,865	15,827	80,844	16,735
Corporate Manager - People & Organisational Development		82,865	15,827	80,844	16,735
Corporate Manager - Capital Programme & Assets		80,780	15,429	76,827	15,903
		1,060,895	202,633	1,094,893	226,643

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

Note 3 : Employment start date 1st July 2024. Remuneration prior to 1st July 2024 relates to previous role.

Note 4 : Employment end date 31st July 2024.

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 (£27,711); for 2024/25 this was 1:5.34 (for 2023/24 this was 1:5.84).

Exit Packages

The Council is required to disclose (in £20,000 bandings up to £100,000 with £50,000 bandings thereafter) the number of exit packages agreed and the cost of the packages to the Council in the financial year. Exit costs which the Council was committed to incurring at the 31st March 2025, but paid after this date, are included in the disclosure. 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	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
	No.	No.	No.	No.	No.	No.	£	£
£0 - £20,000	14	17	2	0	16	17	138,216	160,554
£20,001 - £40,000	4	18	0	0	4	18	114,076	517,077
£40,001 - £60,000	5	4	0	0	5	4	230,900	195,918
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	2	0	0	0	2	0	244,895	0
	25	39	2	0	27	39	728,087	873,549

NOTES TO THE CORE FINANCIAL STATEMENTS

27. MEMBERS' ALLOWANCES

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

	2024/25	2023/24
	£000	£000
Salaries	1,856	1,805
Members' expenses	20	32
	1,876	1,837

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 -

	2024/25	2023/24
	£000	£000
Payments	2,811	1,603
Receipts	4	0
Amounts owed by the Council	9	260
Amounts owed to the Council	3,547	0

Transactions greater than £0.100m are shown below -

No. of Members declaring an interest		Interest	Paid		Receipts		Owed by the Council		Owed to the Council	
			2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
2024/25	2023/24		£000	£000	£000	£000	£000	£000	£000	£000
1	1	Domestic Abuse Safety Unit	568	410	0	0	0	34	0	0
0	1	Citizens Advice Bureau (CAB)	0	475	0	0	0	128	0	0
1	1	Welsh Border Community Transport (WBCT)	202	205	2	0	0	0	0	0
4	2	Theatr Clwyd	1,954	455	0	(3)	0	97	3,547	0

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 -

	2024/25	2023/24
	£000	£000
Payments	131	153
Receipts	11	9
Amounts owed by the Council	0	35
Amounts owed to the Council	1	0

Transactions greater than £0.100m are shown below -

No. of Members declaring an interest		Interest	Paid		Receipts		Owed by the Council		Owed to the Council	
2024/25	2023/24		2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
			£000	£000	£000	£000	£000	£000	£000	£000
1	1	Design and print company	128	123	9	9	0	35	1	0

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. Four declarations requiring inclusion are included in 'Members' above, 'Community Asset Transfer (CAT)' below and 'Subsidiaries' below. The total transactions for the remaining declarations with such bodies are as follows:

	2024/25	2023/24
	£000	£000
Payments	20	0
Receipts	48	0
Amounts owed by the Council	13	0
Amounts owed to the Council	6	0

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 £14.035m (£14.146m in 2023/24).

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

NOTES TO THE CORE FINANCIAL STATEMENTS

	2024/25	2023/24
	£000	£000
Grants awarded	360	498
Payments	163	153
Receipts	24	0
Amounts owed by the Council	7	4
Amounts owed to the Council	7	1

Transactions greater than £0.100m are shown below -

No. of Senior Officers declaring an interest		Interest	Grants paid		Other payments		Owed by the Council	
2024/25	2023/24		2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
			£000	£000	£000	£000	£000	£000
1	1	Married to a director of Cambrian Aquatics	200	117	72	91	5	4

Subsidiaries

The Council has three wholly owned operational subsidiaries, NEW Homes, Newydd Catering and Cleaning Ltd (Newydd) and Flintshire Libraries and Leisure Ltd (Gwella). 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 2025 this amounted to £13.903m (£13.250m at 31st March 2024).

Other transactions with subsidiaries are -

	2024/25	2023/24
	£000	£000
Subsidy paid	3,282	377
Other payments	10,395	8,656
Receipts	1,272	480
Amounts owed by the Council	1,155	127
Amounts owed to the Council	2,017	230

Transactions greater than £0.100m are shown below -

No. of Senior Officers declaring an interest		Interest	Subsidy paid		Other payments		Receipts		Owed by the Council		Owed to the Council	
2024/25	2023/24		2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
			£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
1	0	Director of Gwella	2,894	0	89	0	753	0	695	0	1,659	0
1	0	Director of Newydd	388	377	9,977	8,649	153	166	460	127	139	27

NOTES TO THE CORE FINANCIAL STATEMENTS

Clwyd Pension Fund

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

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

Police and Crime Commissioners and Fire and Rescue Authorities set their own charges to council tax payers which are then included in the council tax bill – these charges are known as the precept. Total precepts paid to the Office of the North Wales Police and Crime Commissioner amounted to £23.105m (£21.922m in 2023/24).

Total levies paid to the North Wales Fire and Rescue Authority amounted to £10.906m (£9.936m in 2023/24).

Total precepts including cemetery precepts paid to the 34 community/town councils amounted to £3.617m (£3.430m in 2023/24).

Other transactions with these bodies are -

	North Wales Police and Crime Commissioner		North Wales Fire Authority		Community Councils	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000	£000	£000
Payments	26	263	73	21	81	74
Receipts	352	265	8	7	512	414
Amounts owed by the Council	0	0	0	0	1	0
Amounts owed to the Council	39	79	0	26	111	90

Betsi Cadwaladr University Local Health Board (related healthcare activities)

	2024/25	2023/24
	£000	£000
Payments	2,085	1,239
Receipts	8,854	9,809
Amounts owed by the Council	1,336	1,511
Amounts owed to the Council	6,830	4,658

Welsh Joint Education Committee

	2024/25	2023/24
	£000	£000
Payments	254	165
Amounts owed by the Council	147	465

Welsh Local Government Association

	2024/25	2023/24
	£000	£000
Payments	159	156
Receipts	733	590
Amounts owed to the Council	309	11

NOTES TO THE CORE FINANCIAL STATEMENTS

29. NATIONAL HEALTH SERVICES (WALES) ACT 2006

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

Partnership	2024/25 £000	2023/24 £000
Gross expenditure	1,145	1,195
Gross income	(1,327)	(1,295)
(Surplus) / deficit for year	<u>(182)</u>	<u>(100)</u>

Contribution to Budget

Flintshire County Council	333	327
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Unit 3 is jointly leased 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	756	702	50.25
Wrexham County Borough Council	748	696	49.75
	<u>1,504</u>	<u>1,398</u>	<u>100.00</u>

30. AUDIT FEES

External audit services were provided by Audit Wales.

	2024/25 £000	2023/24 £000
Fees for the Statement of Accounts	242	249
Fees for Performance Audit Work	117	115
Fees for grants	40	38
	<u>399</u>	<u>402</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

31. POOLED BUDGETS FOR HEALTH AND SOCIAL CARE

Under regulation 19 (1) of the Partnership Arrangements (Wales) Regulations 2015, an informal 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 for 2024/25. The arrangement came into effect on 1st April 2019. Denbighshire County Council is host authority. The transactions for Flintshire County Council only are included in the Social Services line of the CIES.

Income and expenditure for these pooled budget arrangements is as follows and are included for information only and has not been accrued in each partners' accounts.

	2024/25	2023/24
	£000	£000
Care Homes for Older People		
Expenditure		
Care home costs *	136,047	124,041
	<u>136,047</u>	<u>124,041</u>
Funding		
Denbighshire County Council	(12,423)	(11,914)
Conwy County Borough Council *	(18,090)	(15,301)
Flintshire County Council	(14,980)	(13,578)
Wrexham County Borough Council	(16,470)	(14,957)
Gwynedd County Council	(13,084)	(12,044)
Isle of Anglesey County Council	(7,126)	(7,214)
Betsi Cadwaladr University Health Board	(53,874)	(49,033)
	<u>(136,047)</u>	<u>(124,041)</u>
(Surplus) / Deficit transferred to Reserve	0	0

*Conwy County Borough Council's 2023/24 care home funding has been restated to reflect a £2.881m reduction from -£18.182m to -£15.301m; the care home costs have also been restated to mirror this reduction from £126.922m to £124.041m.

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 £3.774m (£4.115m in 2023/24).

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 5 and 10 year's time. Additional funding has also been received to support town centre regeneration in Flintshire. This funding is to be returned in 11 year's time.

	Loans Issued		Repaid	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
Houses into Homes - 1st Tranche	140	0	225	0
Home Improvement and Empty Properties Loans	520	654	224	62
Town Centre Regeneration	0	140	0	0

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

Charges	Collected	Collected
	2024/25	2023/24
	£000	£000
Water and Sewerage	0	2
Household Contents Insurance	59	61
Heating	206	270

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. The Bus Emergency Scheme/Bus Transition Fund was replaced by the Bus Network Grant in 2024/25. In addition to the £1.950m funding received for the Bus Emergency Scheme/Bus Transition Fund in 2023/24, £5.150m was carried forward from 2022/23 as a receipt in advance. As at the end of 2023/24 £0.367m was accounted for as owing from WG, with £0.350m being received in 2024/25.

NOTES TO THE CORE FINANCIAL STATEMENTS

Grant title	Description	Funding received		FCC share		Admin fee received	
		2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
		£000	£000	£000	£000	£000	£000
Bus Services Support Grant	Support for bus and community transport services.	6,102	6,102	647	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.	350	1,950	17	1,271	0	100
Bus Network Grant	Funding to ensure that Local Authorities in the Region secure Local Bus Services that are affordable and continue to meet local needs through the letting of service contracts for the operation of Local Services.	5,707	0	1,332	0	30	0

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	
		2024/25	2023/24	2024/25	2023/24
		£000	£000	£000	£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 (Flintshire are only responsible for administering the Additional Support element of the funding for 2024/25).	283	3,491	352	352
Winter Fuel	£200 payment to eligible households to provide support towards paying their on-grid winter fuel bills.	0	96	0	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)	150	164	0	0

The Council also granted 40% (75% 2023/24) NDR rate relief to businesses in the retail, leisure and hospitality sectors. This rate relief was funded by WG and the Council's receipt from the NDR pool was not impacted. The Council's total receipt from the NDR pool was £56.364m (£50.840m in 2023/24). £2.562m (£4.089m 2023/24) was reimbursed to the Council for this rate relief. The Council also received £0.014m (£0.013m 2023/24) from WG for administering this relief.

33. OTHER FUNDS ADMINISTERED BY THE COUNCIL

In the Social Services portfolio, the Social Services for Adults Section maintain individual bank accounts for service users living in the community who are unable to manage their own financial affairs; individual members of the Deputyship team are approved to act as corporate appointee with the Department for Work and Pensions for each service user. The total amount held by the Council at 31st March 2025 was £6.634m in 374 separate accounts (£6.823m in 392 accounts in 2023/24).

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 51 accounts as at 31st March 2025 was £0.649m (£0.598m in 47 accounts in 2023/24).

NOTES TO THE CORE FINANCIAL STATEMENT

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, Gwella, 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.

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 those who are contracted to work term time only. There are a number of live claims and as a result the Council may have to pay all, some or none of the claim.

The Council did not meet the statutory minimum waste recycling target in 2021/22, 2022/23 and 2023/24. WG can therefore take steps to impose a penalty on the Council by way of an infraction fine. Confirmation from WG was received during 2024/25, that the penalty for 2021/22 has been waived due to the efforts made by the authority to make changes to its services in order to reduce the amount of household residual waste collected and increase recycling. The Minister will consider levying potential fines for 2022/23 and 2023/24 based on the progress made against service improvement that have been identified within an agreed plan to impact the Council's recycling rate.

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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. Proceedings have been stayed pending outcome of proceedings against principal bodies.

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.

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 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 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

- 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.
- Theatr Clwyd and Leisure and Libraries property leases – involve leasehold transfers of specific Council assets to 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 organisations, 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

- 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.

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.

	2024/25 £000	2023/24 £000
Council Fund	7,568	4,704
HRA	1,729	1,681
Set aside from Capital Receipts	209	200
	<u>9,506</u>	<u>6,585</u>

38. FUTURE CAPITAL COMMITMENTS

As at 31st March 2025, the Council has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2025/26 and future years. The major commitments, in excess of £1.000m, are shown below -

Contract Details	Contract Sum £000	Payments to 31 March 2025 £000	Balance Outstanding £000
Council Fund			
Maes Gwern Centre, Mold	4,389	3,890	499
New Welsh Medium Primary School, Flint	13,352	9,014	4,338
Croes Atti 2, Elderly People Home, Flint	18,000	17,722	278
Theatr Clwyd Redevelopment	42,516	37,630	4,886
B5129 - Shotton Bus Lanes Scheme	3,735	15	3,720
	<u>81,992</u>	<u>68,271</u>	<u>13,721</u>

Further to the commitments listed in the table above, the Council has the strategic aim of meeting the WG 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

39. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the following table (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the capital financing requirement, a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The Council's capital financing requirement as at 31st March 2025 was £373.118m (£354.983m as at 31st March 2024).

	2024/25 £000	2023/24 £000
Capital Investment		
Property, plant and equipment	92,390	63,184
Investment properties	433	217
REFCUS	6,967	6,407
Right of Use Assets recognised in year	5,774	0
	<u>105,564</u>	<u>69,808</u>
 Sources of Finance		
Capital receipts	(1,838)	(5,672)
Capital grants and contributions	(71,030)	(44,038)
Capital reserves / Capital Expenditure from Revenue Account (CERA)	(9,053)	(13,840)
	<u>(81,921)</u>	<u>(63,550)</u>
 Increase/(decrease) in capital financing requirement	<u>23,643</u>	<u>6,258</u>
Increase in supported borrowing	4,017	4,025
Increase in other (unsupported) borrowing	13,852	2,233
Right of Use Assets acquired	5,774	0
	<u>23,643</u>	<u>6,258</u>

40. LEASING

The Council adopted IFRS 16 (Leases) with effect from 1st April 2024. The main impact of the requirements of IFRS 16 is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset, and future rents as a liability), a right-of-use asset and a lease liability are now included on the balance sheet from 1st April 2024.

The Council has elected to apply exemptions to low value assets (below £0.010m) and to short-term leases i.e. existing leases that expire on or before 31st March 2025, and new leases with a duration of less than 12 months.

Lessee Rentals

As a lessee, the Council has previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards, incidental to ownership of the underlying asset, to the Council. Under IFRS 16, the Council recognises right-of-use assets and lease liabilities for most leases.

NOTES TO THE CORE FINANCIAL STATEMENTS

IFRS16 Exempt Leases

Asset Classification	2024/25 £000
Land	4
Buildings	29
Vehicles, plant & equipment	170
	<u>203</u>

The minimum lease payments due in future years are -

	Land £000	Buildings £000	Vehicles, plant & equipment £000	Total £000
Less than 1 year	3	60	121	184
1 - 5 years	10	45	228	283
Later than 5 years*	16	31	263	310
	<u>29</u>	<u>136</u>	<u>612</u>	<u>777</u>

*any open ended agreements are calculated to 2036/37 in line with the general average life of the longest lease

IFRS16 Leases

The minimum lease payments are made up of the following amounts-

	31 March 2025 £000
Lease Liabilities (net present value of the minimum lease payments)	
Current	4,032
Non-current	4,417
	<u>8,449</u>
Finance costs payable in future years	2,487
	<u>10,936</u>

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

	Minimum Lease Payment 31 March 2025 £000	Finance Lease Liabilities 31 March 2025 £000
Not later than 1 year	4,403	4,032
Later than 1 year, not later than five years	2,800	2,206
Later than five years	3,733	2,211
	<u>10,936</u>	<u>8,449</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

Lessor Rentals

The Council leases out land and property under operating leases. In 2024/25, lease rentals receivable amounted to £2.606m (£2.451m in 2023/24).

The minimum lease payments receivable under operating lease in future years are –

	Land £000	Buildings £000	Total £000
Lessor Operating Leases			
Not later than 1 year	421	1,596	2,017
Later than 1 year, not later than five years	1,671	6,062	7,733
Later than five years*	23,636	10,199	33,835
	<u>25,728</u>	<u>17,857</u>	<u>43,585</u>

*any open ended agreements are calculated to 2036/37 in line with the general average life of the longest lease

41. ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 has introduced the following changes, amendments and interpretations to existing standards. They are mandatory for the Council's accounting periods beginning on or after 1st April 2025 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.

- Amendments to IAS 21 (The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)) – issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- IFRS 17 (Insurance Contracts) - issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- IAS 16 (Property, Plant and Equipment) and IAS 38 (Intangible Assets) – changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of these standards. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets (the Council does currently undertake an annual indexation exercise) and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy.

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

NOTES TO THE CORE FINANCIAL STATEMENTS

42. FINANCIAL INSTRUMENTS

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

Short-term creditors (Note 17) includes a further £15.330m (£15.162m in 2023/24) that does not meet the definition required for inclusion as a financial instrument.

Short-term debtors (Note 13) includes a further £21.472m (£60.115m in 2023/24) that does not meet the definition required for inclusion as a financial instrument.

	Long-term		Current	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£000	£000	£000	£000
Financial liabilities at amortised cost				
Principal	311,132	294,363	50,659	37,948
Accrued interest	0	0	3,339	6,256
Borrowing	311,132	294,363	53,998	44,204
Cash overdrawn	0	0	1,926	3,662
Cash & cash equivalents	0	0	1,926	3,662
Leases	4,417	1,474	4,032	654
Deferred liabilities	4,417	1,474	4,032	654
Trade payables	614	565	37,604	33,636
Within creditors	614	565	37,604	33,636
Total financial liabilities	316,163	296,402	97,560	82,156
Financial assets at amortised cost				
Principal	3,664	3,659	0	5,000
Accrued interest	0	0	0	83
Investments	3,664	3,659	0	5,083
Cash & cash equivalents	0	0	16,810	34,518
Accrued interest	0	0	95	243
Cash & cash equivalents	0	0	16,905	34,761
Trade receivables	49	49	21,471	17,659
Loans	12,391	11,753	0	0
Within debtors	12,440	11,802	21,471	17,659
Total financial assets	16,104	15,461	38,376	57,503

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

	31 March 2025	31 March 2024
	Net	Net
	Total	Total
	£000	£000
Financial assets - bank accounts in credit	16,905	34,761
Financial liabilities - cash overdraft	(1,926)	(3,662)
Net position reported on Balance Sheet	14,979	31,099

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 -

	2024/25	2023/24
	£000	£000
Opening carrying amount of soft loans	10,133	10,231
New loans made in year	861	0
Fair value adjustment on initial recognition	(5)	0
Interest accrued	6	(1)
Amounts repaid	(208)	(200)
Movement in discounted amount	103	103
	<u>10,890</u>	<u>10,133</u>

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 -

	2024/25		2023/24	
	Financial Liabilities	Financial Assets	Financial Liabilities	Financial Assets
	Measured at Amortised Cost £000		Measured at Amortised Cost £000	
Interest expense	(15,521)	0	(14,129)	0
Interest payable and similar charges	<u>(15,521)</u>	<u>0</u>	<u>(14,129)</u>	<u>0</u>
Interest income	0	2,814	0	3,007
Interest and investment income	<u>0</u>	<u>2,814</u>	<u>0</u>	<u>3,007</u>
Net gain/(loss) for the year	<u>(15,521)</u>	<u>2,814</u>	<u>(14,129)</u>	<u>3,007</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

Fair value of assets and liabilities carried at amortised cost

Financial assets and all non-derivative financial liabilities are carried in the Balance Sheet at amortised cost. Fair values of financial liabilities in the table below have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2025, 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.
- 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 2025		31 March 2024	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		£000	£000	£000	£000
Financial liabilities					
PWLB	2	296,702	269,623	279,025	270,705
LOBOs	2	18,950	19,532	18,950	20,368
		315,652	289,155	297,975	291,073
Financial assets					
Certificates of deposits	2	0	0	0	0

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

Disclosure of nature and extent of risks arising from financial instruments

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

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

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

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

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

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

Risk – liabilities

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

Risk – loans and receivables

Long term investments -

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

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

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

The analysis below shows the financial effect of a 1% rise and fall in interest rates based on net borrowing as at 31st March 2025.

Impact of 1% rate rise			Impact of 1% rate fall		
	£000			£000	
Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
(0.021)	0.042	0.064	0.167	0.148	0.126

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 2024/25 the Council paid £18.498m (£14.974m in 2023/24), which represents 28.68% (average) of teachers' pensionable pay (23.68% in 2023/24). The contributions due in 2025/26 are estimated to be £18.343m, 28.40% of teachers' pensionable pay.

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

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

Pensions - Other Employees

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

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

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

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

Transactions relating to Retirement Benefits

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

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2024/25	2023/24	2024/25	2023/24
	£000	£000	£000	£000
CIES				
Service Expenditure Analysis				
Current service cost	19,572	19,652	0	0
Past service cost/(gain)	0	48	0	0
Curtailments	307	129	0	0
Other Operating Expenditure				
Administration expenses	916	882	0	0
Financing and Investment Income and Expenditure				
Net interest expense	(1,019)	1,704	1,334	1,414
Interest on asset ceiling	538	0	0	0
Net charge to surplus / deficit on the provision of services	20,314	22,415	1,334	1,414
Other Comprehensive Income and Expenditure				
Remeasurement of the net defined benefit liability				
Return on plan assets	(38,666)	37,577	0	0
Actuarial gains and (losses) - experience gain or (loss)	(61)	(4,577)	2	(181)
Actuarial gains and (losses) - financial assumptions	118,543	13,127	1,768	137
Actuarial gains and (losses) - demographic assumptions	1,793	11,283	99	497
Asset Ceiling Adjustment	(80,990)	(10,974)	0	0
FCC's share of Other Comprehensive Income and Expenditure relating to NWEAB	(8)	(5)	0	0
Net charge to Other Comprehensive Income and Expenditure	611	46,431	1,869	453
Net charge to Comprehensive Income and Expenditure	20,925	68,846	3,203	1,867
Movement in Reserves Statement				
Reversal of net charges made to surplus / deficit on the provision of services for retirement benefits in accordance with IAS 19	(20,314)	(22,415)	(1,334)	(1,414)
Actual amount charged against the Council fund balance for pensions in the year				
Employers' contributions payable to scheme	19,695	22,989	2,990	2,963
FCC's share of NWEAB charged against the Council Fund balance in year	8	5	0	0
Net debit/(credit) to the Movement in Reserves Statement	(611)	579	1,656	1,549

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	
	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000
Local Government Pension Scheme	(746,090)	(837,377)	838,592	848,351	(92,502)	(10,974)	0	0
Discretionary Benefits Arrangements	(25,186)	(28,711)	0	0	0	0	(25,186)	(28,711)
	(771,276)	(866,088)	838,592	848,351	(92,502)	(10,974)	(25,186)	(28,711)

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	
	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000
1st April	837,377	825,989	28,711	30,713
Current service cost	19,572	19,652	0	0
Interest cost	40,269	38,985	1,334	1,414
Contributions by scheme participants	7,064	6,780	0	0
Actuarial (gains) and losses - experience gains or losses	61	4,577	(2)	181
Actuarial (gains) and losses - financial assumptions	(118,543)	(13,127)	(1,768)	(137)
Actuarial (gains) and losses - demographic assumptions	(1,793)	(11,283)	(99)	(497)
Benefits paid	(38,224)	(34,373)	(2,990)	(2,963)
Past service costs	0	48	0	0
Curtailments	307	129	0	0
31st March	746,090	837,377	25,186	28,711

Reconciliation of fair value of the LGPS assets -

	2024/25 £000	2023/24 £000
1st April	848,351	778,979
Interest income	41,288	37,281
Administration Expenses	(916)	(882)
Return on plan assets	(38,666)	37,577
Employer contributions	19,695	22,989
Contributions by scheme participants	7,064	6,780
Benefits paid	(38,224)	(34,373)
31st March	838,592	848,351

NOTES TO THE CORE FINANCIAL STATEMENTS

The LGPS's assets consist of the following categories -

	2024/25		2023/24	
	£000	£000	£000	£000
Equity investments:				
Global Quoted*	128,934		117,921	
		128,934		117,921
Bonds:				
Overseas Other	110,778		85,683	
LDI*	198,325		223,965	
		309,103		309,648
Property:				
UK*	31,741		35,631	
Overseas	4,277		3,393	
		36,018		39,024
Cash:				
Cash Instruments	40,001		43,266	
		40,001		43,266
Alternatives:				
Hedge Funds	0		41,569	
Private Equity	128,975		124,708	
Infrastructure	66,333		50,901	
Timber & Agriculture	2,516		3,393	
Private Credit	28,261		21,209	
DGF	98,451		96,712	
		324,536		338,492
		838,592		848,351

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

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

Basis for estimating assets and liabilities

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

NOTES TO THE CORE FINANCIAL STATEMENTS

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2024/25	2023/24	2024/25	2023/24
Mortality Assumptions				
Longevity at 65 for current pensioners -				
Men	21.1yrs	21.0yrs	21.1yrs	21.0yrs
Women	23.6yrs	23.5yrs	23.6yrs	23.5yrs
Longevity at 65 for future pensioners -				
Men	22.4yrs	22.4yrs	n/a	n/a
Women	25.4yrs	25.3yrs	n/a	n/a
Rate of inflation (Consumer Prices Index)	2.6%	2.7%	2.7%	2.7%
Rate of increase in salaries	3.9%	4.0%	n/a	n/a
Rate of increase in pensions	2.7%	2.8%	2.8%	2.8%
Rate for discounting scheme liabilities	5.8%	4.9%	5.7%	4.9%

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

	£000
Net liability arising from defined benefit obligation (excluding asset ceiling impact)	67,316
<u>Illustration of net liability -changes in actuarial assumption/investment return</u>	
Longevity (increase in 1 year)	51,202
Rate of inflation (increase by 0.25%)	40,674
Rate of increase in salaries (increase by 0.25%)	72,601
Discount Rate (increase by 0.5%)	117,949
Change in 24/25 Investment Returns (increase by 1%)	85,690
Change in 24/25 Investment Returns (decrease by 1%)	69,032

Impact on cash flows

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

The total contributions expected to be made to the LGPS by the Council in the year to 31st March 2026 are £18.965m.

The duration of the defined benefit obligation for LGPS members is 17 years 2024/25 (17 years 2023/24).

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 31st March 2012 and either remain active or left service after 1st April 2014. The estimated impact of the McCloud judgement has been included in the Council's accounts since 2018/19 in line with the remedy. It is the view of the actuary that no further adjustments are required in relation to McCloud.

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.

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. Councils 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.

	2024/25		2023/24	
	£000	£000	£000	£000
Expenditure				
Repairs and maintenance		21,085		13,797
Management and supervision		5,527		5,375
Specialist services		2,737		2,415
Rents, rates, taxes and other charges		296		314
Depreciation and impairment of non-current assets		25,113		8,562
Debt management costs		48		47
Increase in bad debt provision		401		194
		<u>55,207</u>		<u>30,704</u>
Income				
Dwelling rents (gross)	42,834		38,787	
Non-dwelling rents (gross)	<u>321</u>		<u>336</u>	
		43,155		39,123
Charges for services and facilities		483		530
Reimbursement of costs		454		398
Contribution towards expenditure		514		2,722
		<u>44,606</u>		<u>42,773</u>
Net cost of HRA services as included in the Council's CIES		10,602		(12,069)
Other Operating Expenditure				
Net (gain) / loss on the disposal of non-current assets		(47)		(116)
Admin. expenses on the net defined benefit liability		57		54
Financing and Investment Income and Expenditure				
Interest payable and similar charges		5,414		5,121
Net interest on the net defined benefit liability		20		157
Movement in expected credit losses on financial assets		(236)		(20)
Taxation and Non-Specific Grant (Income)				
Capital grants and contributions receivable		(16,517)		(8,268)
Total (surplus) / deficit for the year on HRA services		<u>(707)</u>		<u>(15,141)</u>

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)	2024/25 £000	2023/24 £000
At 1st April		7,302	6,477
Surplus/(deficit) on the HRA income and expenditure statement		707	15,141
Total comprehensive income and expenditure		<u>707</u>	<u>15,141</u>
Adjustments between accounting and funding basis under regulations	7	(1,944)	(14,316)
Increase/(decrease) in year on the HRA		<u>(1,237)</u>	<u>825</u>
At 31st March		<u>6,065</u>	<u>7,302</u>

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 and 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 -

Type	31 March 2025 No.	31 March 2024 No.
Houses	4,116	4,113
Flats	1,436	1,436
Maisonettes	10	10
Bungalows	1,805	1,805
	<u>7,367</u>	<u>7,364</u>

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.

Analysis of arrears	31 March 2025 £000	31 March 2024 £000
Rents		
Current tenants	1,891	2,062
Former tenants	93	201
	<u>1,984</u>	<u>2,263</u>

NOTES TO THE HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

	2024/25 £000	2023/24 £000
Provision for impairment losses (bad debts)		
Opening provision	657	674
Written off in year	(400)	(192)
Increase in provision	163	175
	<u>420</u>	<u>657</u>

4. NON-CURRENT ASSET ACCOUNTING

Capital Expenditure and Financing

HRA capital expenditure was incurred as follows -

	2024/25 £000	2023/24 £000
Council Dwellings	25,411	22,619
Assets Under Construction	695	748
Equipment	95	163
REFCUS	318	0
	<u>26,519</u>	<u>23,530</u>

Financed as follows -

	2024/25 £000	2023/24 £000
Capital Grants & Contributions	16,755	9,571
Revenue Contributions	8,601	12,752
Borrowing	1,163	1,207
	<u>26,519</u>	<u>23,530</u>

MRA

Included within the capital grants and contributions total is the 2024/25 MRA allocation figure of £6.406m (£4.980m in 2023/24). The MRA allocation figure is included within the Taxation and Non-Specific Grant Income line in the CIES. This WG grant was fully used in 2024/25 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 -

	2024/25 £000	2023/24 £000
Shared ownership sales	70	171
Land sales	0	0
	<u>70</u>	<u>171</u>

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 2024/25 opening net balance sheet valuations (valuation list less cumulative depreciation), with assumed nil residual values.

	2024/25 £000	2023/24 £000
Dwellings	6,389	4,961
Garages	17	19
Other land & buildings	70	111
Plant and equipment	668	635
	7,144	5,726

Impairment Losses and Revenue Expenditure Funded from Capital Under Statute

A HRA impairment adjustment total of £24.183m was accounted for in 2024/25 (£20.874m in 2023/24). £0.318m REFCUS was accounted for in 2024/25 (£0m in 2023/24).

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 -

	2024/25 £000	2023/24 £000
CIES		
Service Expenditure Analysis -		
Current service cost	1,110	1,126
Other Operating Expenditure -		
Administration expenses	57	54
Financing and Investment Income and Expenditure		
Net interest expense	(13)	157
Interest on asset ceiling	33	0
Total HRA Charge	1,187	1,337
Movement in Reserves Statement		
Reversal of net charges made to surplus / deficit on the provision of services for retirement benefits in accordance with IAS 19	(1,187)	(1,337)
Actual amount charged against the HRA balance for pensions in the year:		
Employers' contributions payable to scheme	1,352	1,408

STATEMENT OF ACCOUNTING POLICIES

General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position as at 31st March 2025. 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 IFRS. The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Accruals of Income and Expenditure

The revenue and capital accounts of the Council are prepared on an accruals basis. Sums are included in the final accounts to cover income or expenditure attributable to the year of account for goods received or work done, but for which payment has not been received/made by 31st March 2025. Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. In particular, supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.

Borrowing Costs

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

Capital Receipts

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

Cash and Cash Equivalents

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

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

Charges to Revenue for Non-Current Assets

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

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

STATEMENT OF ACCOUNTING POLICIES

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

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

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

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

Employee Benefits

Benefits Payable during Employment

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

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

Termination Benefits

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

STATEMENT OF ACCOUNTING POLICIES

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

Post Employment Benefits

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

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

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

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

The LGPS

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

- The liabilities of the pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit credit actuarial cost method – an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the market yields at the reporting date on high quality corporate bonds.
- The assets of Clwyd Pension Fund attributable to the Council are included in the Balance Sheet at their fair value.
- The change in the net pensions liability is analysed into 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. Interest on the surplus above the asset ceiling is also accounted for in the Financing and Investment Income and Expenditure line in the CIES.
- 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 collections (held by North East Wales Archives), 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 Gwella under an agency agreement 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

Right of Use Assets

The Council adopted IFRS 16 (Leases) with effect from 1st April 2024. The main impact of the requirements of IFRS 16 is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset, and future rents as a liability), a right-of-use asset and a lease liability are now included on the balance sheet from 1st April 2024. The Council has elected to apply recognition exemptions to low value assets (below £0.010m when new) and to short-term leases i.e. existing leases that expire on or before 31st March 2025, and new leases with a duration of less than 12 months. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the lessee's incremental borrowing rate (PWLB annuity rate) specific to the term and start date of the lease. Lease payments include: fixed payments; variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement; the exercise price under a purchase option if the Council is reasonably certain to exercise; penalties for early termination if the lease term reflects the Council exercising a break option; and payments in an optional renewal period if the Council is reasonably certain to exercise an extension option or not exercise a break option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate such as inflation, or change in the Council's assessment of whether it is reasonably certain to exercise a purchase, extension or break option.

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.

STATEMENT OF ACCOUNTING POLICIES

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.
- 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.
- Right of Use Assets – measured at cost or revalued to current value if there is a material risk of changes under the cost basis.

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

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

Revaluation

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. The Council meets this requirement by revaluing a proportion of the total asset portfolio as at 1st April each year; in 2024/25 approximately 22% 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.

STATEMENT OF ACCOUNTING POLICIES

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).

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.

STATEMENT OF ACCOUNTING POLICIES

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.

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.

STATEMENT OF ACCOUNTING POLICIES

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.

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.

STATEMENT OF ACCOUNTING POLICIES

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.

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 three operational companies, NEW Homes, Newydd and Gwella.

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 three wholly owned subsidiaries of the Council -

- NEW Homes,
- Newydd and
- Gwella

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

The Group Accounts include -

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

NEW Homes

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

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

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

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

NEW Homes currently owns and manages 187 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. 68 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 £13.675m. The remaining 119 properties are purchased (26 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 £21.555m.

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 2027/28.

Newydd

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

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

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

Further information on Newydd is available on its website www.newydd.wales.

Gwella

Flintshire Libraries and Leisure Ltd is a Local Authority Trading Company (LATC), trading under the name of Gwella. Gwella manage leisure and sports, libraries, museum and heritage and play services in Flintshire. The company was incorporated on 2nd October 2024 as a company limited by shares with the Council owning all of the shares, 1 at £1 par value. It began operational delivery on 1st November 2024.

The Council has a high level of control over Gwella as the single shareholder, including the approval of -

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

Further information on Gwella is available on its website www.gwella.wales.

FCC HOLDCO Limited

FCC HOLDCO Limited was established as a holding company for some of the Council's companies. It was incorporated on 3rd October 2024 as a company limited by shares with the Council owning all of the shares, 1 at £1 par value. It is intended that FCC HOLDCO Limited will become the holding company of Newydd Catering & Cleaning Ltd and Flintshire Libraries and Leisure Ltd, which were established and are owned by the Council.

GROUP ACCOUNTS

FCC HOLDCO Limited will -

- decide upon the Council companies' (LATCs) Reserve(d) Matters (those matters that require the prior written approval of the Council)
- provide or oversee the contract management of the contractual arrangements the Council has with the other LATCs
- identify opportunities for cost savings, efficiencies and sharing of good practice by and between the Council's LATCs

Whilst not an operational Local Authority Trading Company, FCC HOLDCO Limited is able to provide or oversee other services that the Council asks it to. Thus, there is opportunity for FCC HOLDCO Limited to oversee more LATCs in future and/or do more for the Council. There are no transactions/accounts for FCC HOLDCO Limited to consolidate.

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, Newydd and Gwella 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
At 31st March 2024	38,277	34,748	73,025	710,979	784,007	15,733	799,740
Total comprehensive income and expenditure	43,818	707	44,525	47,594	92,119	13,153	105,272
Adjustments between group accounts and authority accounts	(14,830)	0	(14,830)	0	(14,830)	(11,237)	(26,067)
Net increase/(decrease) before transfers	28,988	707	29,695	47,594	77,289	1,916	79,205
Adjustments between accounting and funding basis under regulations	(34,162)	(2,480)	(36,642)	36,642	0	0	0
Increase/(decrease) in year	(5,174)	(1,773)	(6,947)	84,236	77,289	1,916	79,205
At 31st March 2025	33,103	32,975	66,078	795,215	861,296	17,649	878,945
	Council Fund Reserves £000	Other Usable Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves of the Council £000	Subsidiary Reserves £000	Total Group Reserves £000
At 31st March 2023	49,720	40,766	90,486	576,599	667,088	11,005	678,093
Total comprehensive income and expenditure*	22,734	15,141	37,875	87,243	125,118	7,333	132,451
Adjustments between group accounts and authority accounts*	(8,199)	0	(8,199)	0	(8,199)	(2,605)	(10,804)
Net increase/(decrease) before transfers*	14,535	15,141	29,676	87,243	116,919	4,728	121,647
Adjustments between accounting and funding basis under regulations	(25,978)	(21,159)	(47,137)	47,137	0	0	0
Increase/(decrease) in year*	(11,443)	(6,018)	(17,461)	134,380	116,919	4,728	121,647
At 31st March 2024*	38,277	34,748	73,025	710,979	784,007	15,733	799,740

*Subsidiary reserves restated to adjust for accounting policy alignment relating to the depreciation of NEW Homes Non-Current Assets

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2024/25			2023/24		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
Service Expenditure Analysis	£000	£000	£000	£000	£000	£000
Chief Executive's	1,667	(73)	1,594	1,676	(89)	1,587
Education & Youth	179,719	(42,976)	136,743	161,391	(37,360)	124,031
Governance	16,421	(2,530)	13,891	14,764	(2,109)	12,655
Housing & Communities*	46,963	(38,711)	8,252	46,329	(38,576)	7,753
People & Resources	4,964	(508)	4,456	5,162	(574)	4,588
Planning, Environment & Economy	16,099	(8,041)	8,058	13,781	(6,364)	7,417
Social Services	150,404	(36,476)	113,928	136,773	(34,179)	102,594
Streetscene & Transportation	90,029	(38,333)	51,696	77,956	(28,156)	49,800
Central & Corporate Finance	7,099	(6,099)	1,000	5,468	(816)	4,652
Capital Programme & Assets	28,328	(7,665)	20,663	30,086	(5,368)	24,718
HRA	54,889	(44,563)	10,326	30,704	(42,758)	(12,054)
Cost of services*	596,582	(225,975)	370,607	524,090	(196,349)	327,741
Other Operating Expenditure			37,819			35,629
Financing and Investment (Income) and Expenditure			11,599			11,946
Taxation and Non-Specific Grant (Income)			(450,364)			(404,374)
(Surplus)/deficit on the provision of services*			(30,339)			(29,058)
Tax expenses of subsidiary			240			52
Group (surplus)/deficit*			(30,099)			(29,006)
(Surplus)/deficit arising on revaluation of non-current assets			(47,241)			(43,540)
(Surplus)/deficit arising on revaluation of available-for-sale financial assets			0			0
Tax relating to other comprehensive income			489			795
Actuarial (gains) or losses on pension assets and liabilities			(2,250)			(46,990)
Total comprehensive (income) and expenditure*			(79,101)			(118,741)

*2023/24 restated to adjust for accounting policy alignment relating to the depreciation of NEW Homes Non-Current Assets (£0.262m)

GROUP BALANCE SHEET

		31 March 2025		31 March 2024	
	Note	£000	£000	£000	£000
NON-CURRENT ASSETS					
Property, Plant & Equipment					
Council dwellings		332,226		328,606	
Other land and buildings*		567,084		531,047	
Vehicles, plant, furniture and equipment		18,126		19,907	
Surplus assets		3,359		3,327	
Infrastructure assets		155,370		156,361	
Community assets		5,831		5,524	
Assets under construction		94,551		44,705	
Right of Use Assets		15,127		0	
Total Property, Plant & Equipment*	1	1,191,674		1,089,477	
Investment properties and agricultural estate			29,356		29,340
Long term debtors			2,319		2,313
NON-CURRENT ASSETS TOTAL *		1,223,349		1,121,130	
CURRENT ASSETS					
Inventories		1,177		990	
Short term debtors (net of impairment provision)		107,301		77,390	
Short term investments		0		5,083	
Cash and cash equivalents		14,670		32,636	
Assets held for sale		513		513	
CURRENT ASSETS TOTAL			123,661		116,612
CURRENT LIABILITIES					
Borrowing repayable on demand or within 12 months		(53,999)		(44,204)	
Short term creditors		(48,790)		(48,461)	
Provision for accumulated absences		(5,872)		(4,151)	
Deferred liabilities		(4,032)		(654)	
Grants receipts in advance		(5,604)		(5,097)	
Provisions		(150)		(58)	
CURRENT LIABILITIES TOTAL			(118,447)		(102,625)
NON-CURRENT LIABILITIES					
Long term creditors		(1,120)		(1,185)	
Long term borrowing		(311,132)		(294,364)	
Deferred liabilities		(4,417)		(1,474)	
Provisions		(1,096)		(1,106)	
Other long term liabilities		(25,186)		(28,711)	
Grants receipts in advance		(1,734)		(4,123)	
Deferred Tax Liability		(4,932)		(4,412)	
NON-CURRENT LIABILITIES TOTAL			(349,617)		(335,375)
NET ASSETS*			878,946		799,742

GROUP BALANCE SHEET

		31 March 2025		31 March 2024	
	Note	£000	£000	£000	£000
USABLE RESERVES					
Capital receipts reserve		14,976		15,013	
Capital grants unapplied		11,936		12,435	
Council Fund		15,194		15,271	
Profit and Loss reserve		3,937		2,981	
Earmarked reserves		17,910		23,007	
HRA		6,064		7,301	
USABLE RESERVES TOTAL			70,017		76,008
UNUSABLE RESERVES					
Revaluation Reserve*		280,623		244,064	
Capital Adjustment Account		563,248		516,775	
Financial Instruments Adjustment Account		(3,933)		(4,292)	
Pensions Reserve		(25,186)		(28,711)	
Deferred capital receipts		49		49	
Accumulated Absences Account		(5,872)		(4,151)	
UNUSABLE RESERVES TOTAL*			808,929		723,734
TOTAL RESERVES*			878,946		799,742

*2023/24 restated to adjust for accounting policy alignment relating to the depreciation of NEW Homes Non-Current Assets (£2.806m)

GROUP CASH FLOW STATEMENT

	2024/25		2023/24	
	£000	£000	£000	£000
Net surplus or (deficit) on the provision of services	30,737		29,644	
Adjustment to surplus or deficit on the provision of services for non-cash movements	14,402		12,649	
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	<u>(82,218)</u>		<u>(42,798)</u>	
Net cash flows from operating activities		(37,079)		(505)
Net cash flows from investing activities	(17,276)		(20,513)	
Net cash flows from financing activities	<u>36,455</u>		<u>24,288</u>	
Net increase or decrease in cash and cash equivalents		<u>19,179</u> (17,900)		<u>3,775</u> 3,270
Cash and cash equivalents at the beginning of the reporting period		32,637		29,367
Cash and cash equivalents at the end of the reporting period		14,737		32,637

NOTES TO THE GROUP ACCOUNTS

1. PROPERTY, PLANT AND EQUIPMENT

	Flintshire County Council	NEW Homes	Newydd	Gwella	Group
	£000	£000	£000	£000	£000
Net Book Value at 31st March 2025					
Council dwellings	332,226	0	0	0	332,226
Other land and buildings	532,867	34,217	0	0	567,084
Vehicles, plant, furniture and equipment	18,046	0	80	0	18,126
Surplus assets	3,359	0	0	0	3,359
Infrastructure assets	155,370	0	0	0	155,370
Community assets	5,831	0	0	0	5,831
Assets under construction	94,551	0	0	0	94,551
Right of Use Assets	15,127	0	0	0	15,127
	1,157,377	34,217	80	0	1,191,674
	Flintshire County Council	NEW Homes*	Newydd	Gwella	Group
	£000	£000	£000	£000	£000
Net Book Value at 31st March 2024					
Council dwellings	328,606	0	0	0	328,606
Other land and buildings	499,539	31,508	0	0	531,047
Vehicles, plant, furniture and equipment	19,768	0	139	0	19,907
Surplus assets	3,327	0	0	0	3,327
Infrastructure assets	156,361	0	0	0	156,361
Community assets	5,524	0	0	0	5,524
Assets under construction	44,705	0	0	0	44,705
	1,057,830	31,508	139	0	1,089,477

*Restated to adjust for accounting policy alignment relating to the depreciation of NEW Homes Non-Current Assets (£2.806m)

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

To be inserted following financial audit by external auditors.

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

2024/25

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 2024/25 – Part 2

What is Governance?

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

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

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

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

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

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

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

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

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

ANNUAL GOVERNANCE STATEMENT

- 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;
- 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, Newydd and Gwella.

The Annual Governance Statement reports on the governance arrangements that has been in place at Flintshire County Council for the financial year 2024/25 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 Cabinet, Corporate Resources Overview and Scrutiny and Governance and Audit Committee members was held to go through the initial scores of the Annual Governance Statement and a questionnaire summarising themes from the workshop were completed by Cabinet and Chairs of Overview and Scrutiny Committees and members of the Standards Committee.

The preparation and content of this year's governance arrangements has been considered by the statutory officer's, with assurance support from Internal Audit, Cabinet, Corporate Resources Overview and Scrutiny and Governance and 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 of the current 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 123 of the document. Principles assessed as needing further improvement are detailed in the Annual Governance Statement from Page 137.

Our Governance and 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 and 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 effective Governance Arrangements

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

ANNUAL GOVERNANCE STATEMENT

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

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

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

ANNUAL GOVERNANCE STATEMENT

Flintshire County Council Corporate Governance Arrangements

Public Key Documents: Annual Review / Production

- Annual Governance Statement
- Annual Outturn Finance Report
- Annual Performance Report
- Annual Information Governance Statement
- Capital Strategy and Asset Management Plan
- Code of Corporate Governance
- Code of Ethical Practice on Procurement
- Contract Procedure Rules
- Council Plan
- Digital Strategy
- Equal Pay Audit (Gender Pay Reporting)
- Financial Procedural Rules
- Medium Term Financial Strategy
- Members' Allowance Scheme
- Overview and Scrutiny Annual Report
- People Strategy
- Portfolio Business Plans
- Public Services Board Wellbeing Plan
- Statement of Accounts
- Strategic Equality Plan
- Corporate 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 and Safety Policies
- Internal/External Audit Protocol
- IT Policies
- Members Code of Conduct
- Officers Code of Conduct
- Procurement Strategy
- Risk Management Framework
- Social Media Policy
- Welsh Language Standards
- Whistle Blowing Policy

Contributing Processes Regulatory Monitoring

- Appraisal and Supervision
- Attendance management
- Governance and Audit Committee
- Budget Monitoring Reports
- Comments, Complaints and Compliments
- Corporate Governance
- Corporate Health and 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

2024/25

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 2023/24 AGS
- What are the governance issues identified during 2024/25
- What are the strategic issues identified during 2024/25
- 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 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;
- 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, Newydd and Gwella

The Annual Governance Statement reports on the governance arrangements that has been in place at Flintshire County Council during the financial year 2024/25 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 will be published in June 2025. Overall, the Auditor General for Wales has reached a positive conclusion. Auditor General give an unqualified true and fair opinion on the Council's financial statements on 28th November 2024 before the deadline agreed with Welsh Governance of 30th November 2024. The report confirms:

- The Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements and our knowledge of the Council
- The Auditor General issued the certificate confirming that the audit of accounts for 2023-24 has been completed

Internal Audit Annual Opinion

For the year ending 31 March 2025, based on the work of the Internal Audit Service and its External Regulators it is my opinion that Flintshire County Council has, overall, an adequate and effective framework of governance, risk management and internal control.

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 January 2025 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.

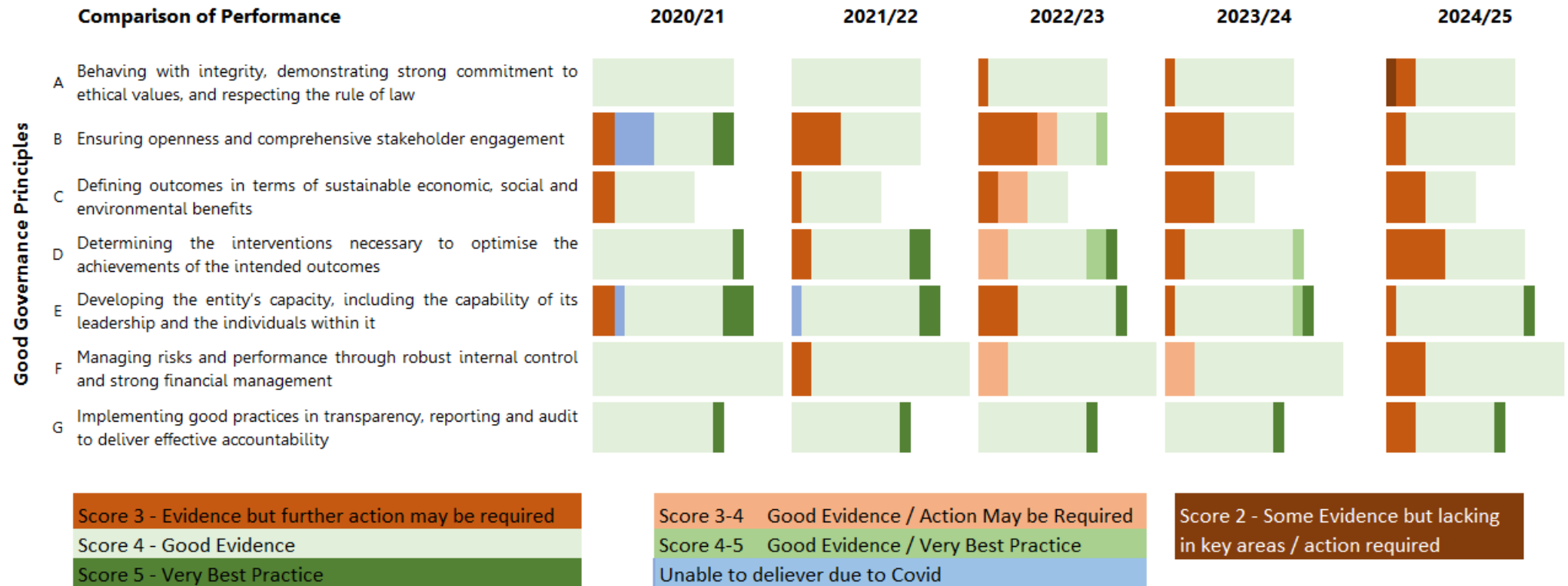
As part of the annual review of the Annual Governance Statement I have reviewed our previous assessment of Flintshire's compliance with the CIPFA FM Code and I can confirm that in my opinion Flintshire is still compliant with the code in the majority of areas.

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 2026/27 and beyond presents significant challenges and uncertainty and requires a prudent approach whilst urgently prioritising our budget planning requirements.
- As part of the above update the Medium-Term Financial Strategy and begin considerations earlier on options for ensuring a sustainable budget including developing the opportunities identified within the Strategic Transformation Programme.
- 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 Arrangements



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

Areas of Very Best Practice (Score of 5):

- (E52) Recognising the benefits of partnerships and collaborative working where added value can be achieved
- (G92) Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations

ANNUAL GOVERNANCE STATEMENT

Further Action Required (Score of 2 and 3):

- (A1, A2, A10) 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. Ensuring members take the lead in establishing specific values for the organisation and its staff and able to fulfil their responsibilities in accordance with legislative and regulatory requirements
- (B23, B26) Encouraging, collecting and evaluating the views and experiences of citizens, service users and organisations and taking account of the interest of future generations of taxpayers and service users
- (C28, , 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
- (D40, D43, D44, D45, D46, D47) Considering and monitoring risks facing each partner when working collaboratively including shared risks. Ensuring capacity exists to generate the information required to review service quality regularly. Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term
- (E61) 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
- (F69, F70, F80, F81) Implementing robust and integrated performance management, data management and risk management arrangements and ensuring that they are working effectively. Aligning the Information and Data Management Strategy, Risk Management Framework on internal control with achieving the Council's objectives
- (G83, G84, G89) Implementing good practices in transparency and good practices in reporting

The Main Themes identified for Improvement for 2024/25

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 2024/25 reviewed the Council's position against the 7 Good Governance Principles and the 94 Sub Principle. In March 2025 a workshop was undertaken with members from the Governance and Audit Committee, Corporate Resources Overview and Scrutiny, 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, Chairs and Vice Chairs of Overview and Scrutiny Committees and Standard Committee, with the aim of the questionnaire being to determine if Members agreed with the themes that had been identified as areas for improvement.

The seven themes identified for improvement are;

- **Behaving with integrity, demonstrating strong commitment to ethical values, respecting the rule of law and improve training opportunities**
 - Lead a culture where acting in the public interest is visibly and consistently demonstrated. Understanding of roles and responsibilities
 - Values are delivered in accordance with the Seven Principles of Public Life (the Nolan Principles)
 - Enhanced decision making and challenge process through focused training, facilitated sessions available to Members and Senior Officers
- **Embedding the use of Integrated Impact Assessments (IIAs) and engaging with citizens**
 - The Council assessing the impact of their decisions and policies on equality groups, the environment, the economy, and other areas of interest prior to policy / strategy changes
 - Further encouraging, collecting and evaluating the views and experiences of citizens, service users and organisations of different backgrounds including future needs
 - Managing expectations effectively with regard to determining priorities and making the best use of the resources available
- **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
 - Embedding the ethics and values within the organisational and working culture

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- **Embedding of Risk Management across Partnership.**
 - Considering and monitoring risks facing each partner when working collaboratively including shared risks
- **Developing a data and performance culture across the Council**
 - Using data and performance information to manage and review (and improve) service quality and provide quality assurance
 - Encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the authority's performance
- **Review of the Committee reports**
 - Ensuring they are in an understandable style, easy to access and interrogate for members of the public and other stakeholders
 - Providing the right amount of information to satisfy transparency demands and enhance public scrutiny whilst not being too onerous and easy for users to understand
 - Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks
- **Undertake medium and long term financial planning**
 - Taking a longer-term view with regard to decision making, taking account of risk and acting transparently whether there are potential conflicts between the authority's intended outcomes and short-term factors such as the political cycle or financial constraints
 - Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan
 - Ensuring the medium term financial strategy integrates and balances off service priorities, affordability and other resource constraints
 - Ensuring the authority's financial management supports both long term achievement of outcomes and short-term financial and operational performance

Outcome of the questionnaires completed by Members:

Members agreed with the seven 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
- Increasing the use of Integrated Impact Assessments being completed and engagement with citizens 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 across Partnership will enable the Council to identify future risks and also opportunities
- Developing a data and performance culture across the Council will enable review (and improvements) of service quality
- Amending the Committee reports will ensure that the context remains captured but it is easy for all to understand
- Undertaking medium and long term financial planning was identified as a key aspect for service improvement and risk assessing

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

Areas of Good Evidence 2024/25 (Score of 4)	Areas Identified for Further Improvement 2024/25 (Score of 2 and 3)
<ul style="list-style-type: none"> Open decision making on the basis of evidence and the sub principles within Principle A is at the heart of the standard form of reporting that is made to the Council, Cabinet and committees 	<ul style="list-style-type: none"> (A1) Ensure members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the Organisation (A2) Ensuring members take the lead in establishing specific values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles) (A10) Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.

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

Areas of Good Evidence 2024/25 (Score of 4)	Areas Identified for Further Improvement 2024/25 (Score of 3)
<ul style="list-style-type: none"> Formal and informal partnerships from strategic levels (PSB) to operational partnerships (Community Endowment Fund / Regional Armed Forces Partnership) The joint Flintshire and Wrexham Public Services Board / North Wales Research and Insight Partnership continue to work well Good management relationship with external partners Opportunities for discussions and debates ensures the Council has a range of views and perspectives, which are considered when making decisions and provides real value 	<ul style="list-style-type: none"> (B23) Encouraging, collecting and evaluating the views and experiences of citizens, service users and organisations of different backgrounds including reference to future needs (B26) Taking account of the interests of future generations of taxpayers and services users

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

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

Areas of Good Evidence 2024/25 (Score of 4)	Areas Identified for Further Improvement 2024/25 (Score of 3)
<ul style="list-style-type: none"> Member workshops/briefing sessions In addition to the normal budget management process significant monitoring took place to manage the additional expenses / funding received / reallocation of resources to support the budget pressures – corporate events/meetings with portfolios regarding budget pressures The Public Services Board, Well-being Plan 2023 to 2028 focuses on improving local well-being in the area, supporting the achievement of the seven well-being goals for Wales as part of The Well-Being of Future Generations (Wales) Act 2015 	<ul style="list-style-type: none"> (C28) Specifying the intended impact on, or changes for, stakeholders including individual citizens and service users. It could be immediately or over the course of a year or longer (C31) Managing expectations effectively with regard to determining priorities and making the best use of the resources available (C32) Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision (C33) Taking a longer-term view with regard to decision making, taking account of risk and acting transparently whether there are potential conflicts between the authority's intended outcomes and short-term factors such as the political cycle or financial constraints

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

Areas of Good Evidence 2024/25 (Score of 4)	Areas Identified for Further Improvement 2024/25 (Score of 3)
<ul style="list-style-type: none"> • (D48) Use of historical data to inform the MTFS and looking forward in terms of what the future landscape for services may be and applying a risk based approach to decision making around the budget setting process 	<ul style="list-style-type: none"> • (D40) Considering and monitoring risks facing each partner when working collaboratively including shared risks • (D43) Ensuring capacity exists to generate the information required to review service quality regularly • (D44) Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan • (D45) Informing medium and long term resources planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy • (D46) Ensuring the medium term financial strategy integrates and balances off service priorities, affordability and other resource constraint • (D47) Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term

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

Areas of Very Best Practice 2024/25 (Score of 5)

- (E52) Recognising the benefits of partnerships and collaborative working where added value can be achieved

Areas of Good Evidence 2024/25 (Score of 4)

- Partnership and collaborative working – locally, regionally and nationally
- Service specific inductions continue to take place
- Employee Engagement Survey undertaken, which included health and wellbeing questions, responses indicate interventions are welcomed and positive. A Well-being Strategy currently in draft
- Dedicated mental health and employee wellbeing page on the Infonet which provides links to MIND Wellness Action Plans, our Employee Assistance Programme (available 24/7 365 days per year)

Areas Identified for Further Improvement 2024/25 (Score of 3)

- (E61) Ensuring that there are structures in place to encourage public participation

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

Areas of Good Evidence 2024/25 (Score of 4)	Areas Identified for Further Improvement 2024/25 (Score of 3)
<ul style="list-style-type: none"> Maintained and frequent reporting and monitoring of performance and risk Risk Management Framework reviewed and updated Effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made 	<ul style="list-style-type: none"> (F69) Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook (F70) Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the authority's performance and that of any organisation for which it is responsible

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	<ul style="list-style-type: none">• (F80) Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring• (F81) Ensuring the authority's financial management supports both long term achievement of outcomes and short-term financial and operational performance
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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"> • We recently improved the layout and presentation of our reports in order to improve the presentation of key information to decision-makers and monitor this regularly • We are mindful of providing the right amount of information to ensure transparency • A review of information sharing protocols has been undertaken and new principles adopted
Implementing good practices in reporting	<ul style="list-style-type: none"> • We report at least annual on the achievement and progress of our intended outcome and financial position. This is delivered through the Annual Performance report assessing performance against the Council Plan • Progress against the Well-being Plan • Annual Statement of Accounts • Our Annual Governance Statement is published following robust and rigorous challenge to assess and demonstrate good governance
Assurance and effective accountability	<ul style="list-style-type: none"> • Through robust assurance mechanism, we can demonstrate effective accountability. These mechanisms include: <ul style="list-style-type: none"> ○ Internal Audit undertakes independent reviews to provide an annual assurance opinion of the Council's control, risk management, and governance arrangements. To allow this Internal Audit has direct access to Chief Officer and Members of the Council ○ All agreed actions from Internal Audit reviews are monitored regularly through monthly reports to Chief Officers and each Governance and Audit Committee ○ Any 'limited/red' assurance opinions are reported to Governance and Audit Committee in full and progress monitored closely ○ Peer challenge and inspection from regulatory bodies and external compliance reviews. The outcomes from these inspections are used to inform and improve service delivery ○ Through effective commissioning and monitoring arrangements and compliance with Council's procedures, we gain assurance on risk associated with delivering services through third parties and any transitional risks ○ Reports are presented to Cabinet and an annual report to Governance and Audit Committee of external feedback from regulatory work and peer reviews along with the Council's responses

Areas of Very Best Practice 2024/25 (Score of 5)	Areas Identified for Further Improvement 2024/25 (Score of 3)
<ul style="list-style-type: none"> • (G92) Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations 	<ul style="list-style-type: none"> • (G83) Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate • (G84) Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny whilst not being too onerous for the authority to provide and for users to understand • (G89) Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations

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How Have We Addressed the Governance and Strategic Issues From 2023/24 AGS?

The 2023/24 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 2023/24 AGS

The review of the effectiveness of the Council's governance arrangements identified 15 governance issues during 2023/24. 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	Open	The council has voluntarily adopted a register of interests for senior officers to further demonstrate openness. The Council continues to provide relevant training and learning opportunities for Members to ensure Members are fully aware and have an understanding of their role.	Amber
(B17, B18, B21, B23, B24, B25) Circumstances previously curtailed the Council's ability to consult and engage, but not the willingness to do so.	An action plan was developed to make improvements in the regards to Consultation and Engagement with residents of Flintshire.	Closed Excluding B23	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 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.	Amber

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Internal Council Governance issues	Mitigation Actions	Current Status	Progress Update	Progress RAG
(C29, C32) Delivering defined outcomes on a sustainable basis within the resources that will be available and considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision.	<ul style="list-style-type: none"> Review of the pay model Integrated Impact Assessments are utilised and happen consistently across all portfolio's Review the challenges with vacancy management 	Closed Excluding C32	<p>Due to existing budget pressures and vacancy management, which impacts sustainability (Five Ways of Working, Well-being of Future Generations (Wales) Act 2015) work remains ongoing regarding review of pay model. Workshops have been undertaken with Members to review pay model options and costing associated.</p> <p>Integrated Impacts Assessments need to be embedded further within the Council.</p> <p>Development of Portfolio business plans within the Performance Management System is progressing and will assist with linking policies, risks, and plans.</p>	Amber
(E51, E53, E57, E61) Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently.	<ul style="list-style-type: none"> Develop the use of APSE Career conversation to form part of the appraisal A review of the Member Development 	Closed Excluding E61	<p>Recent training provided by APSE to highlight range of benchmarking available and ongoing support provided to key services area. New benchmarking now available to support Climate Change with APSE with the Council exchanging in this opportunity.</p> <p>Career conversations form part of annual appraisals.</p> <p>A review of Member Development and training needs has been completed, with the Constitution and Democratic Services Committee having oversight of this process. A report covering training and development is taken to the Committee at least quarterly. A final programme will identify sessions / topics that will be 'mandatory', and the Committee will monitor delivery and attendance of these (and all sessions included within the programme).</p> <p>Specific training for members of the Scrutiny Committees has been delivered, as well as sessions on Chairing skills which have been offered to all Members as well as targeting the Chairs and Vice-Chairs of Committees.</p> <p>(E51, E53, E57 closed and E61 – remains open in 2023/24)</p>	Green

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Internal Council Governance issues	Mitigation Actions	Current Status	Progress Update	Progress RAG
(F66, F73,) An Internal Audit review of the risk management framework and risk register was undertaken during 22/23 and has highlighted some areas for improvement to build upon the risk management framework and processes going forward.	<ul style="list-style-type: none"> Continue to embed the Risk Management Framework The development and implementation of InPhase continues Roll out of the E-learning risk management training module 	Closed	<p>Risk Management Framework was revised and approved by Governance and Audit Committee in January 2024, shared with Officers and available on the Council's website and Infonet. Officers are reviewing their risks monthly with all risks now transferred and managed within the performance and risk management system.</p> <p>Risk Management e-learning module is in its final stages and will be rolled out August 2024.</p>	Amber

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Progress Updates For Significant Strategic Issues Reported in the 2023/24 AGS

The review of the effectiveness of the Council's governance arrangements identified 29 strategic issues (red risks) during 2023/24. 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 2023/24 which have since closed	Progress Update	Current Score
CC01 – Non-compliance of the Welsh Language Standards	Closed as of April 2024 as Contact Centre is fully staffed with 30% Welsh speakers.	CLOSED
CF14 - Impact on the Housing Revenue Account (HRA) of a sustained loss of housing rent due to the financial position of tenants	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.	CLOSED
HA06 - Impacts on income stream based on delayed/non recovery of housing benefit overpayment	Risk was merged with CF14 during financial year 2023/24 and closed in April 2024.	CLOSED
SS29 - Insufficient capacity in the social care workforce (social work and occupational therapy) is a risk to the reputation of the Council and its ability to fulfil its statutory and essential functions with respect and care	Risk closed September 2023 for the whole service, however an open risk remains for Children's Services workforce of qualified and experienced staff.	CLOSED
HR24 - Changes to holiday pay calculations and practices in light of the Supreme Court Judgement in Harper Trust and Brazel	Risk closed May 2024 as changes to calculations and increases in the Council's annual leave provision means that the Council is legally compliant.	CLOSED
CPA17 - Impact of workload demand and HR issues on remaining employees	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.	CLOSED
CPA12 - Failure to secure mutually agreeable new agreement with Aura / Newydd could lead to financial, reputation, legal and service implications New code as of 2023/24 – RCPA12. New description as of 2023/24 - Contractual arrangements requiring review and agreement of Alternative Delivery Models (ADM's)	Risk closed in June 2024 as it considers all Alternative Delivery Models (ADM). Each ADM will be an individual risk within the risk register.	CLOSED

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Red Strategic issues in 2023/24 which have since improved	Progress Update	Current Score
EY06 - Insufficient funding to deliver new archive premises New code as of 2023/24 – REY06	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.	4
PE12 - The implications of Ash Dieback on finances and reputation of the Council due to the scale of the problem and the ability to make safe trees on or adjacent to Highways and Council amenity land which pose a risk to life or property	Winter works have been completed now waiting for summer survey period.	6
PE33 - Prevent delays in development proceeding by mitigating the impact of Phosphates New code as of 2023/24 – RPE33	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.	2
PE34 - Failure to update the Council's Flood Risk Management Strategy to mitigate the flood risk to vulnerable communities New code as of 2023/24 – RPE34	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.	3
PE42 - Slow progress with the Strategic Development Plan (SDP) fails to set context for Local Development Plan 2 New code as of 2023/24 – RPE42	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.	4
SS09 - Insufficient numbers of residential and nursing beds to meet demand because of the long-term fragility and instability of the care home sector and challenges in the recruitment of staff New code as of 2023/24 – RSS09	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.	9
SS10 - Insufficient capacity to provide the quantities and levels of care to clients at home and in the community because of challenges in recruitment of direct care workers and instability in the care market New code as of 2023/24 – RSS10	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.	9

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Red Strategic issues in 2023/24 which have since improved	Progress Update	Current Score
HR09 - The Pay model and associated costing may increase/decrease depending on when a) agreement is reached and b) when the new pay model is implemented due to changes in structure and/or headcount. New code as of 2023/24 – RHR09	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.	9

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What are the Governance Issues Identified During 2024/25?

The review of the effectiveness of the Council's governance arrangements identified 23 internal governance issue during 2024/25. Details of how the issue has been addressed and if it remains open is provided below. New areas for improvement identified during 2024/25 are highlighted in red:

Internal Council Governance issues for 2024/25	Mitigation Actions
<ul style="list-style-type: none"> • (A1) Ensure members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the Organisation • (A2) Ensuring members take the lead in establishing specific values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles) • (A10) Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements 	<ul style="list-style-type: none"> • Continue to highlight the role and responsibility of Members • Workshop for Members (as and when required) • To continue to provide relevant training and learning opportunities The sessions being facilitated by the WLGA in early June are designed to help enhance the understanding of roles of officers and councillors. The sessions are intended to explore and improve the relationships between officers and councillors
<ul style="list-style-type: none"> • (B23) Encouraging, collecting and evaluating the views and experiences of citizens, service users and organisations of different backgrounds including reference to future needs • (B26) Taking account of the interests of future generations of tax payers and services users 	<ul style="list-style-type: none"> • Development of a consultation and engagement hub • Creating a Customer and Engagement and Public Participation Strategy • Development of social media platforms (Facebook has already been developed) • Use of Council's complaints and feedback for continued service improvement
<ul style="list-style-type: none"> • (C28) Specifying the intended impact on, or changes for, stakeholders including individual citizens and service users. It could be immediately or over the course of a year or longer • (C31) Managing expectations effectively with regard to determining priorities and making the best use of the resources available • (C32) Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision • (C33) Taking a longer-term view with regard to decision making, taking account of risk and acting transparently whether there are potential conflicts between the authority's intended outcomes and short-term factors such as the political cycle or financial constraints 	<ul style="list-style-type: none"> • Review of the pay model • Integrated Impact Assessments to be utilised and happen consistently across all portfolio's • Review the challenges with vacancy management • Development of Guidance Note for Motions – more information required from Officers and the impact this has on Officers. • Training to members

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Internal Council Governance issues for 2024/25	Mitigation Actions
<ul style="list-style-type: none"> • (D40) Considering and monitoring risks facing each partner when working collaboratively including shared risks • (D43) Ensuring capacity exists to generate the information required to review service quality regularly • (D44) Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan • (D45) Informing medium and long term resources planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy • (D46) Ensuring the medium term financial strategy integrates and balances off service priorities, affordability and other resource constraint • (D47) Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term 	<ul style="list-style-type: none"> • (D37) Implementing the recommendations identified from within the Audit Wales regarding Use of Performance Information: Service User Perspective and Outcomes. Mid-plan review of Council Plan (2023-28) to ensure consideration of service user perspective • (D40) When working with partners and collaboratively risks (and also opportunities) are being explored consistently. • D43, As part of the Information and Data Management Strategy review to explore how data can be used / presented as part of the decision making process and performance monitoring. • D44, D45, D46, D47) the revised Council Plan will support the identification of resources required within the Medium-Term Financial Strategy with the aim to further project funding requirements and how performance information can support this.
<ul style="list-style-type: none"> • (E61) Ensuring that there are structures in place to encourage public participation 	<ul style="list-style-type: none"> • This internal governance issue mitigation actions for E51 are the same for B17, B18, B21, B23, B24, B25, B26
<ul style="list-style-type: none"> • (F69) Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook • (F70) Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the authority's performance and that of any organisation for which it is responsible • (F80) Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring • (F81) Ensuring the authority's financial management supports both long term achievement of outcomes and short-term financial and operational performance 	<ul style="list-style-type: none"> • Continue to embed the Risk Management Framework • Undertake annual review of Risk Management Framework • The further develop the reporting of risks within the performance and risk management system • Reports presented to Committees as of Autumn 2024 • Roll out of the E-learning risk management training module August 2024 and to member July 2025 • Implementation of the Performance Management Framework • Review the format of reporting to members
<ul style="list-style-type: none"> • (G83) Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate • (G84) Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny whilst not being too onerous for the authority to provide and for users to understand 	<ul style="list-style-type: none"> • (G83, G84) Review the format of reporting to members • (G89) Corporate Finance are exploring how improvement could be made on performance indicators, particularly around benchmarking.

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Internal Council Governance issues for 2024/25	Mitigation Actions
<ul style="list-style-type: none"> (G89) Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations 	
<ul style="list-style-type: none"> Red / Limited Assurance Audit – Management of Community and Recreation Assets 	<ul style="list-style-type: none"> Full Action Plan has been developed and will be shared with Governance and Audit Committee in January 2025
<ul style="list-style-type: none"> Red / Limited Assurance Audit – Pest Control 	<ul style="list-style-type: none"> Full Action Plan has been developed and will be shared with Governance and Audit Committee in June 2025
<ul style="list-style-type: none"> Red / Limited Assurance Audit – Off Matrix Agency Spend 	<ul style="list-style-type: none"> Full Action Plan has been developed and will be shared with Governance and Audit Committee in June 2025
<ul style="list-style-type: none"> Red / Limited Assurance Audit – Budget Cost Reductions 	<ul style="list-style-type: none"> Full Action Plan has been developed and will be shared with Governance and Audit Committee in June 2025

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What are the Strategic Issues Identified During 2024/25?

The review of the effectiveness of the Council's governance arrangements identified 14 strategic issues (Corporate Risks) for 2024/25. Details of how the issues have been addressed is provided below:

Strategic Issues for 2024/25	Mitigating Actions	Current Score ¹	Target Score
RCF01 – Reserves Insufficient Reserves will impact on the financial resilience of the Council	<ul style="list-style-type: none"> Regular monitoring and reporting of the financial position of the organisation Ongoing engagement with Society of Welsh Treasurers (SWT) and WLGA and the escalation of key issues Ensuring adequate levels of reserves are maintained across the Council Ongoing review of ear marked reserves 	16	4
RCF08 – Fraud and Prevention The Council may be subject to fraud from both internal and external factors	<ul style="list-style-type: none"> Anti-Fraud and Corruption Strategy, Whistleblowing Policy and Fraud Response Plan Key controls exist within the key financial systems Participate in the National Fraud Initiative (NFI) 	6	6
RCF09 – Housing Revenue Account Capital Investment There is insufficient funding capacity to meet Welsh Housing Quality Standards (WHQS) 2.0 targets	<ul style="list-style-type: none"> Finance and service area are working to assess financial impact and mitigation options, findings reported through to Senior Management Team, Programme Board and Chief Officer Team Target Energy Pathways for all stock to be completed 	15	10
RCF18 – Medium Term Financial Strategy (MTFS) Increased service demand, high inflation and reduced future Welsh Government, Local Government Settlements could impact the stability of the Medium-Term Financial Plan	<ul style="list-style-type: none"> Regular monitoring of the financial impact across the organisation Ensuring robust and timely financial planning arrangements over the medium term Ongoing contribution to national debate on a fairer funding formula Ongoing engagement with Society of Welsh Treasurers (SWT) and WLGA and the escalation of key issues Ensuring adequate levels of reserves are maintained across the Council 	20	9
REY01 – Financial Viability of Schools Schools are not financially viable due to insufficient base funding	<ul style="list-style-type: none"> Manage the reduction in school budget deficits more effectively Challenge and support meetings with Headteacher/School Business Manager and regular budget monitoring sessions with schools to confirm adherence to licensed deficit protocol, with non-compliance triggering formal procedures under Schools Licensed Deficit protocol Financial Performance Monitoring Group meetings to review performance and agree action plan with specific actions and timescales to address issues identified Schools pupil funding Formula review to be scheduled/approved through Schools Budget Forum to ensure base budgets are best allocated 	20	15

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

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Strategic Issues for 2024/25	Mitigating Actions	Current Score ¹	Target Score
	<ul style="list-style-type: none"> Local Authority approval mechanisms for recruitment in schools with budget deficits 		
RGV01 – Loss of IT/Cyber Security Significant Loss of Corporate data and systems due to security / environmental / Technical incident	<ul style="list-style-type: none"> Regular review and testing of IT Disaster Recovery Plan Complete full review on IT Security Policies Enrolment in CymruSOC 	20	12
RHC09 - Resource to meet Homeless Obligations The Council is unable to meet its homelessness statutory obligations due to shortages in staff, budgetary pressures and lack of available accommodation	<ul style="list-style-type: none"> Successfully deliver the restructure of the Housing & Prevention Service (as supported by Cabinet in October 2024) to increase capacity within the service Implement the range of alternatives for hotel and B&B for homeless accommodation (as supported by Cabinet in October 2024) Monthly financial review of budgets to monitor current expenditure and project in-year and future pressures Monthly monitor levels of emergency accommodation with a view to informing workforce, move-on activities and homeless accommodation planning Budget Forecasting and Planning: Implement more robust forecasting methods to anticipate accommodation demand and allocate necessary resources in advance Partnerships with Housing Providers: Explore strategic partnerships with private sector housing providers to expand available bed spaces for temporary accommodation Review and Adjust Contracts: Negotiate more flexible accommodation contracts with service providers to manage fluctuating demand, ensuring cost control 	20	12
RHR29 - Recruitment and Retention Inability to attract and retain valued employees	<ul style="list-style-type: none"> Provide a workforce planning template for use across the organisation Implement a compliant and sustainable new pay model Maintain competitive pay and reward, and terms and conditions of employment Promote the Council's Employee Assistance Programme to increase usage 	9	2
RHR30 - Employment Related Costs Increased costs associated with temporary / additional resources to the workforce as a result of vacancies, sickness absence etc. (for example, overtime, additional hours, agency costs)	<ul style="list-style-type: none"> Implement a compliant and sustainable new pay model Maintain competitive pay and reward, and terms and conditions of employment 	12	6
RPE11 - Net Zero Carbon Goal Affordability of the Council being able to achieve its net zero carbon goal. Inability to commit or attract sufficient resource to coordinate the programme and deliver on projects, leading to opportunities not being maximised, actions not delivered and benefits not realised	<ul style="list-style-type: none"> Proactively seek external finance using the climate change strategy and action plan as the narrative Submit strong and coordinated external funding bids, working collaboratively across the region as well as interdepartmentally within the Council Aim to submit early input into the Budgets for revenue and capital for the following financial year and maintain an ongoing dialogue in terms of medium to long term financial plans to ensure commitment is made towards financing carbon aims. In terms of Council-wide decision making and prioritisation, carbon literacy training roll out to key decision makers across the Council will enable officers to factor in 	6	2

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Strategic Issues for 2024/25	Mitigating Actions	Current Score ¹	Target Score
	<ul style="list-style-type: none"> carbon impacts at early stages of project developments to allow for sufficient provision in internal and external funding bids Implementation of whole life cost into business cases will capture the long term costs and benefits of schemes 		
RPE46 - Impact of Climate Change Inability of the Council to identify the risks associated with the impacts of climate change, causing risk to the resilience of Council services and its communities and the ability to adapt to a changing climate	<ul style="list-style-type: none"> The Council has made strides in climate mitigation, however the impacts of a changing climate are being realised today, and will increase over time. A climate risk and adaptation assessment and action plan will be completed, involving various stakeholders, to ensure that the Council is resilient to this change 	3	3
RSS54 - Care Provision Sustainability Market stability / placement sufficiency leading to insufficient and unaffordable care provision	<ul style="list-style-type: none"> Continued lobbying of Welsh Government to improve the financial settlement for Flintshire, to support market stability and placement sufficiency for adult social care Use of CareCubed care fee benchmarking tool to work with care providers to understand their costs and risks to ongoing sustainability Open 12 new reablement beds at Ty^ Croes Atti Residential Care Home The Multiagency Support Team is working with families of young people on the edge of care to prevent family/carers breakdown and reduce the need for emergency unregistered placements Explore the possibility of placing mobile classrooms on the sites of specialist schools to increase capacity for educational placements, reducing the need for OOC placements Exit from Care work to begin through a multiagency panel Maximise local housing options Combat exploitation through the Strategic and Operational MET (Missing, Exploitation, Trafficking) group Develop policies and models to attract new foster carers and expand the type of placements offered Work with local providers to reshape the residential market 	12	4
RST07 - Increase in Residual Waste Inability to achieve national recycling targets	<ul style="list-style-type: none"> Reduce the frequency of kerbside residual waste collections from two weeks (90 litres per week), to three weekly (60 litres per week) Introduce a visible waste policy at the household recycling centres to minimise recyclable items being placed in the residual waste stream 	12	2
RST78 - Condition of Highway Network Despite regular inspections and defect identification, the condition of the network has deteriorated, and the	<ul style="list-style-type: none"> Proactive Maintenance Implement a proactive strategy to identify and repair defects before they become significant hazards 	12	4

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Strategic Issues for 2024/25	Mitigating Actions	Current Score ¹	Target Score
time taken to repair defects often exceeds the current policy or any acceptable timeframe. This delay results in a high number of third-party claims following incidents on the network, and significant financial payouts. Adequate asset management processes are in place to identify and manage risks associated with public safety. However, the rate of rectification and time taken to repair identified defects is often beyond acceptable timeframes, increasing the risk of accidents and injuries	<ul style="list-style-type: none"> Enhanced Claims Management Improve the claims management process to defend against unjust claims and reduce financial liabilities Highlight the shortfalls in claims defence and identify trends Resource Allocation - Allocate resources effectively to ensure timely and efficient repairs, prioritising high-risk areas Public Communication - Improve communication with the public regarding ongoing maintenance efforts and safety measures 		

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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. Dave Hughes – Leader of the Council