

Three Rivers District Council

# Draft Statement of Accounts 2022/23

Reissued 31 October 2024

<b>Contents</b> .....	<b>1</b>
<b>Statement of Responsibilities</b> .....	<b>3</b>
<b>Authorisation of the Draft Statement of Accounts</b> .....	<b>4</b>
<b>Narrative Statement</b> .....	<b>5</b>
<b>Annual Governance Statement</b> .....	<b>12</b>
<b>Explanation of Core Financial Statements</b> .....	<b>36</b>
<b>Core Financial Statements</b> .....	<b>37</b>
Movement in Reserves Statement .....	37
Comprehensive Income and Expenditure Statement .....	38
Balance Sheet .....	39
Cash Flow .....	40
<b>Notes to the Financial Statements</b> .....	<b>41</b>
1. Expenditure and Funding Analysis .....	41
2. Accounting Policies .....	42
3. Accounting Standards that have been issued but have not yet been adopted .....	58
4. Critical Judgements in Applying Accounting Policies .....	58
5. Prior Period Adjustments .....	59
6. Events after the Balance Sheet date .....	59
7. Assumptions Made About the Future and Other Major Sources of Uncertainty .....	60
8. Adjustments in the Expenditure and Funding Analysis .....	62
9. Adjustments between accounting basis and funding basis under regulations .....	63
10. Analysis of Income and Expenditure by Nature .....	64
11. Other Operating Expenditure .....	65
12. Financing and Investment Income and Expenditure .....	65
13. Taxation and Non Specific Grant Income .....	65
14. Members Allowances .....	66
15. Audit Fee .....	66
16. Senior Officer Remuneration .....	66
17. Exit Packages .....	68
18. Grants .....	69
19. Defined Benefit Pension Scheme .....	70
20. Joint Operations .....	75
21. Partnership Working .....	75
22. Related Parties .....	76
23. Movement in the value of Property, Plant and Equipment .....	77
24. Movement in the value of Heritage Assets .....	79
25. Movement in the value of Investment Properties .....	80
26. Movement in the value of Intangible Assets .....	80
27. Capital Expenditure, Financing and Commitments .....	81
28. Leases .....	81

# Contents

29.	Long Term Debtors .....	83
30.	Short-Term Debtors .....	83
31.	Creditors .....	84
32.	Cash and Cash Equivalents .....	84
33.	Short Term Investments .....	84
34.	Financial Instruments .....	85
35.	Disclosure of Nature and Extent of Risk Arising from Financial Instruments .....	87
36.	Provisions .....	89
37.	Movement in Useable Reserves .....	89
38.	General Fund .....	90
39.	Earmarked Reserves .....	90
40.	Capital Receipts Reserve .....	91
41.	Capital Grants Unapplied Reserve .....	91
42.	Movement in Unusable Reserves .....	92
43.	Capital Adjustment Account .....	92
44.	Revaluation Reserve .....	94
45.	Deferred Capital Receipts .....	94
46.	Collection Fund Adjustment Account .....	95
47.	Accumulated Absences Account .....	95
48.	Pension Reserve .....	96
49.	Pooled Fund Adjustment Account .....	96
50.	Notes to the Cashflow Statement .....	97
51.	Contingent Assets .....	98
52.	Contingent Liabilities .....	98
53.	Going Concern .....	98
	<b>Collection Fund .....</b>	<b>99</b>
	CF 1 Council Tax Payers .....	100
	CF2 Business Rate Payers .....	100
	<b>Group Accounts .....</b>	<b>101</b>
	Group Movement in Reserves Statement .....	101
	Group Comprehensive Income and Expenditure Statement .....	102
	Group Balance Sheet .....	103
	Group Cash Flow .....	104
	<b>Notes to the Group Accounts .....</b>	<b>105</b>
	1. The Group Accounting Policies .....	105
	2. Three Rivers District Council's share of Joint Venture Company within the Group .....	105
	3. Related Party Transactions .....	106
	4. Three Rivers Homes LTD Members' Capital Contributions (Loans) .....	106
	<b>Glossary of Terms .....</b>	<b>107</b>

## The Council's Responsibilities

The Council is required to:

- ◆ make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Finance;
- ◆ manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets; and
- ◆ approve the Statement of Accounts.

## The Chief Financial Officer's Responsibilities

The Director of Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom.

In preparing the Statement of Accounts, the Director of Finance has:

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

The Director of Finance has also:

- ◆ kept proper accounting records which were up to date; and
- ◆ 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 Three Rivers District Council as at 31 March 2023 and its income and expenditure for the year ended 31 March 2023

Signed

Date

**Alison Scott CPFA**  
**Director of Finance**

Signed

Date

**Councillor Tony Humphries**  
**Chairman of Audit Committee**

## Authorisation of the Draft Statement of Accounts

As the Director of Finance and Section 151 Officer it is my responsibility to ensure that the Council's financial affairs are properly administered, and its financial position remains stable and robust. This is essential to ensure that the Council can continue to provide high quality services to all the residents and businesses within the Watford Borough and to continue to develop it.

The following Statement of Accounts give an overview of the Council's finances for 2022/23. I am pleased to be able to report that the Council has continued to maintain its strong financial position, which shows that there is a high standard of financial management and stewardship of the Council's resources.

The Statement of Accounts are prepared in accordance with the guidance for Local Authorities in the UK. The Statement of Accounts provides information so that members of the public, including electors and residents of Three Rivers, Council Members, partners, stakeholders and other interested parties can have:

- A full and understandable explanation of the overall financial position of the Council.
- Confidence that the Council has been responsible in spending the public money which it has been given and accounted for in an appropriate manner.
- Assurance that the financial position of the Council is sound and secure.

The latest amendment to the Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment Regulations) 2022 was laid before parliament on 30 June 2022 and came into force on 22 July 2022. This requires local authorities to publish draft accounts for 2022/23 by 31 July 2023 and commence the public inspection period on or before the first working day of June 2024. The deadline for conclusion of the audit and publication of audited accounts is 30 November 2023.

These draft accounts were authorised for issue by the Section 151 Officer on 31 October 2024.

Signed

Date: 31 October 2024

Alison Scott, CPFA  
Director of Finance

## 1. Corporate Framework

Three Rivers District Council updates its Corporate Framework every year. The 2023-2026 Corporate Framework was approved by Council on 21 February 2023.

The Council's Corporate Framework sets out the Council's vision and four priority objectives for the medium to long term:



**Provide responsive and responsible local leadership**



**Expand our position as a great place to do business**

**A great place to live, work and visit**



**Support and enable sustainable communities**



**Achieve net carbon zero and be climate resilient**

The framework is influenced by three important and interlinking factors which cut across all of our objectives:

- Environment
- Social
- Economic

The full framework is published on the Council's website.



## 2. Organisational Leadership and Governance

Under the Council's Leadership the Corporate Framework with its vision, aims and priorities sits alongside a set of values that underpin all of the Council's work. The plan is refreshed on an annual basis through the Strategic Service and Financial Planning process, with performance indicators and targets reviewed on an annual basis alongside the budget process.

The Council's Portfolio Holders meet on a regular basis to review key project areas, corporate performance, emerging challenges and the direction of policy development. This is translated into a set of key priorities for the Council's Corporate Management Team to oversee which is in turn translated into Service Plans and their associated performance indicators and targets, and individual staff performance objectives and targets.

Quarterly performance monitoring is reviewed by the Corporate Management Team and is reported to all Members through the Members' Information Bulletin. The Strategic Service and Financial Planning Framework provides for member scrutiny of performance and performance targets of all service, alongside budget monitoring and review.

This brief overview is supplemented by the Annual Governance Statement elsewhere in this Statement of Accounts

## 3. Financial Outlook

This section covers the 2022/23 year end position and looks forward to 2023/24 and the related Medium Term Financial Plan (MTFP) for 2023/24 to 2025/26.

Looking ahead over the next three years, the MTFP has been prepared against the continued backdrop of uncertainty over funding, increasing pressure on services and continuing expectations from stakeholders for service provision, and inflation.

The development of the MTFP is supported by annual budget consultations and provide input as to the Council's work and areas of expenditure. The Council has retained a prudent minimum balance of the general fund of £2.000m. At the same time the Council has maintained an ambitious Capital Investment Programme.

The effect of the all variances on the Council's (surplus)/deficit for 2023/24 and the General Fund balance over the medium term is shown in the table below.

<b>Movement on General Fund</b>	<b>2022/23 Forecast Outturn £000</b>	<b>2023/24 Indicative Budget £000</b>	<b>2024/25 Indicative Budget £000</b>	<b>2025/26 Indicative Budget £000</b>
Balance at 1 April	(5,364)	(3,987)	(3,823)	(3,648)
(Surplus)/deficit for year	1,377	164	175	179
<b>Balance at 31 March</b>	<b>(3,987)</b>	<b>(3,823)</b>	<b>(3,648)</b>	<b>(3,469)</b>

The overall MTFP indicates a budget requirement (net expenditure) for 2023/24 of £14.042m including carry forwards from 2021/22. Funding for this will come from a number of sources, as set out below.

### Government Grant

The Local Government Finance Settlement in February 2023 provided details of the funding available to the Council for 2023/24.

## **Business rates**

Business rates are collected by the Council, and the proceeds are shared between the District and County Council, and also with central Government to fund services. There is an element of risk and reward involved in the Business Rates scheme, which is designed to incentivise Councils to promote business growth within their areas. The Council expects its share of business rates to be £1.995m in 2023/24 before growth. The business rates retention scheme is volatile and estimating the outturn is complex due to factors such as appeals, demolitions, new builds, occupation and reliefs.

It should be noted that the Government postponed implementation of changes to local government funding. The proposed changes will establish new baseline funding levels and business rates baselines for each local authority. Details have not been confirmed at this stage, however it is likely to be a reduction and prudent estimates have been included in future years.

## **Business Rates Pooling**

For 2023/24 there will not be a business rate pool for Hertfordshire. 2023 has seen a revaluation of non-residential properties by the Valuation Office Agency (VOA) for business rate purposes. The impact on Three Rivers has been the biggest in the country with a 59.5% increase in the business rate base. The next largest increase is South Bucks at 38.3%. In fact, Hertfordshire has four of the five largest national increases driven mainly by the film and tv studios within the county. Warner Brothers accounts for almost half of Three Rivers increase.

The revaluation has significantly increased the levy rate that would be payable on the Hertfordshire pool. The levy determines the amount any business rate growth that has to be paid over to central government and this figure has increased from 4.4% to 22.6%. This reduces the benefits of the pool whilst increasing the downside risk. As a result, pooling has not been agreed for Hertfordshire for 2023/24.

## **New Homes Bonus**

New Homes Bonus is a non-ring-fenced grant relating to the number of new homes delivered in a local authority area that may be used at the discretion of the Council for either capital expenditure or to support the revenue account (or combination). For 2023/24, based on the provisional settlement, the Council expects to receive £0.018m reflecting low housing development over the previous year.

## **Council Tax for 2023/24**

The Council needs to set a budget that gives an acceptable level of council tax and is balanced in the medium to long term using the resources at its disposal. A council tax increase of 2.99% per Band D equivalent has been assumed for 2023/24, 2024/25 and £5.00 for subsequent years. The Council expects to collect £10.080m of council tax income in 2023/24 of which £7.694m is retained by the Council and £2.387m is passed to Parish Councils.

## **Council Tax Base**

The Council Tax base for 2023/24 was set at the Council meeting on the 13 December 2022 and totalled 39,545.2 assuming a collection rate of 99%. The base shows an increase of 0.72% over 2022/23. This is largely due to an increase in the number of properties in the district.

## **Local Council Tax Reduction Scheme**

At the Council meeting on 21 February 2023, it was resolved to continue to apply the agreed Local Council Tax Reduction Scheme for 2023/24.

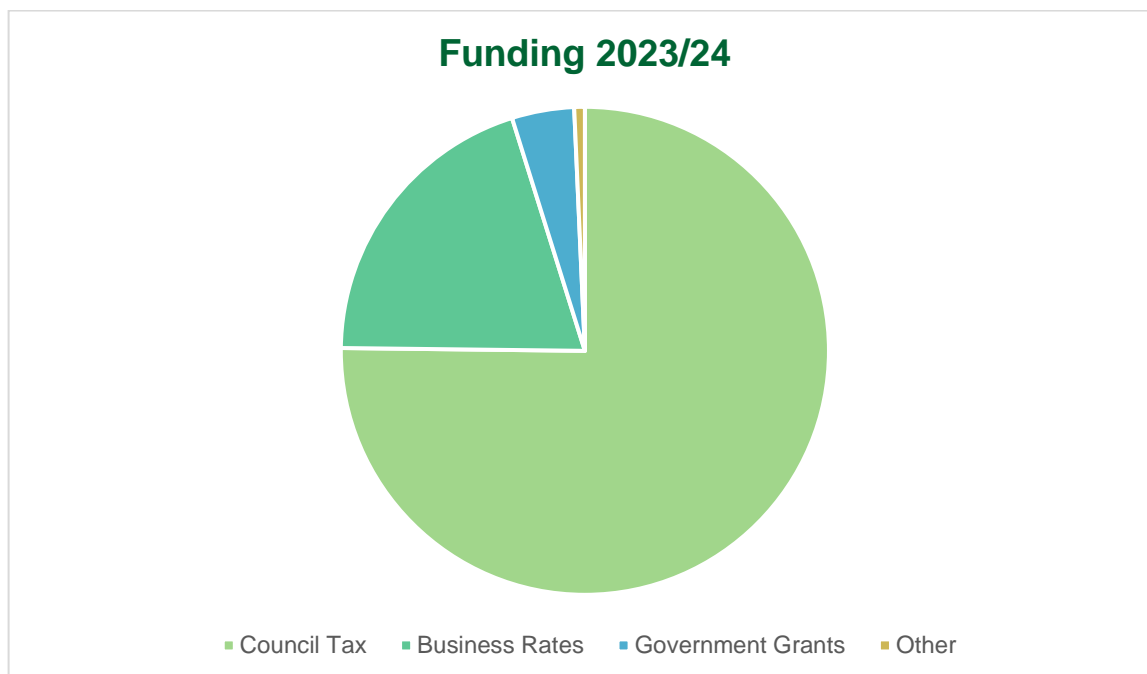
## **Collection Fund**

The Collection Fund is a statutory requirement to account separately for Council Tax and Business Rates. The Fund records all transactions such as the yield, exemptions, discounts, provisions for bad debts, payments to major preceptors to Central Government and takes into account collection rates. Any balance



on this fund at 31 March is to be distributed to the Council as the Billing Authority, the major preceptors and Central Government.

The chart below show the value and proportion of each funding stream that supports the Council's revenue account for 2023/24.



## Capital Programme

The latest capital programme included in MTFP shows schemes totalling £10.885m in 2023/24 including rephasing from 2022/23, £3.579m in 2024/25, and £3.440m in 2025/26.

The larger capital schemes over the next three financial years include:

- Property Investment Board - £9.672m
- Waste and Recycling Vehicles - £2.670m
- Replacement Grounds Maintenance Vehicles - £1.344m
- Disabled Facilities Grant - £1.952m

The Capital Investment Programme can be funded from the following sources:

### Government Grants & Other Contributions:

These are grants for specific purposes which may be available from the Government, e.g. Disabled Facility Grants. The Council can also attract partnership funding from other local authorities and agencies e.g. Local Enterprise Partnership (LEP). The Council has also benefited in the past from other funding such as lottery grants.

### Section 106 Contributions:

These are contributions from developers to the public services and amenities required for the development. These have been in part replaced by the Community Infrastructure Levy (CIL).

### Capital Receipts Reserve:

Capital receipts are derived when selling assets such as land and/or buildings. The main receipt relates to the arrangements made when the Council sold its housing stock to Thrive Homes Ltd in 2008; the Transfer Agreement included a Right to Buy (RTB) Sharing Agreement whereby the Council is entitled to a share of

the post-transfer receipts from RTB sales and a 'VAT Shelter Agreement' whereby the Council benefits from the recovery of VAT on continuing works carried out by Thrive.

## **Revenue Contributions:**

Revenue balances from the General Fund may be used to support capital expenditure.

## **Future Capital Expenditure Reserve:**

The Council has a general reserve which it has put aside for future capital expenditure. It has the ability, should it wish, to re-designate this reserve for revenue use.

## **New Homes Bonus Reserve:**

New Homes Bonus is a grant relating to the number of new homes delivered in a local authority area. There are no government restrictions on whether this is capital or revenue, nor is there any ring-fence imposed. The amount received from 2021/22 onwards has reduced as the grant is phased out.

## **Borrowing:**

The Council is allowed to borrow to support its capital expenditure as long as this is prudent, sustainable, and affordable. The Council has borrowed to support the new leisure centre provision in South Oxhey. The costs of this are recovered through the management fee income received from the leisure contractor.

## **Future Investment**

Future Investment Schemes will be assessed on the basis of a full business case which will include full resourcing for the project and an assessment of affordability. Priority areas for future capital investment are:

Schemes that generate a financial surplus for the Council, and in particular those that increase the supply of housing locally (for example through the joint ventures with Watford Community Housing and Thrive);  
Schemes that generate revenue budget savings for the Council;

Schemes that allow the Council to benefit from future economic regeneration and potential within the local area, especially those that attract additional investment into the local area from regional or national agencies; and Schemes that provide additional or improved services to the Council's residents in line with the Council's Corporate Framework.

## **4. Financial Performance**

### **Revenue Activity**

For accounting purposes, the Council distinguishes between 'revenue' and 'capital' activities. Capital activities are dealt with below. Revenue activities are included in the Comprehensive Income and Expenditure Statement and cover the day to day income and expenditure involved in providing services to the public. The Council holds a General Fund Balance, shown in the Statement of Movement in Reserves and on the Balance Sheet, which is available to support revenue expenditure and to which surpluses are added and from which any deficits are met.

The net cost of revenue activities is met by central government grant, a share of non-domestic rates (business rates) and by the council tax charge made to residents. This is set each February prior to the start of the financial year and takes into account the General Fund Balance and detailed estimates of income and expenditure. A comparison of year end figures to budgets, therefore, often provides a better indication of financial stewardship than comparison to the prior year. The actual year end position was a reduction in the planned use of general balances of £1.119m after funding £0.490m from the Economic Impact Reserve.

# Narrative Statement

Medium Term Financial Plan - Consolidated Revenue Account (General Fund)			
Funding	2022/23		
	Original	Latest Budget	Outturn
Council Tax Base (No.)	39,259.80	39,259.80	39,259.80
<b>Council Tax Base Increase (%)</b>	0.00	0.00	0.00
Band D Council Tax (£)	188.90	188.90	188.90
<b>Council Tax Increase - TRDC (%)</b>	0.00	0.00	0.00
Council Tax (£)	(7,416,176)	(7,416,176)	(7,416,176)
Parish Precepts (£)	(2,228,733)	(2,228,733)	(2,228,733)
<b>Total Taxation (£)</b>	<b>(9,644,909)</b>	<b>(9,644,909)</b>	<b>(9,644,909)</b>
Business Rates (£)	(2,801,641)	(2,801,641)	(2,801,641)
Collection Fund Surplus (£)	(12,648)	(12,648)	(12,648)
New Homes Bonus Grant (£)	(110,247)	(110,247)	(110,247)
Government Funding (£)	(228,772)	(228,772)	(228,772)
Dividend (£)	(50,000)	(50,000)	(50,000)
<b>Total Grant Funding (£)</b>	<b>(3,203,308)</b>	<b>(3,203,308)</b>	<b>(3,203,308)</b>
<b>Total Taxation &amp; Grant Funding (£)</b>	<b>(12,848,217)</b>	<b>(12,848,217)</b>	<b>(12,848,217)</b>
Financial Statement - Summary			
Financial Statement - Summary	2022/23		
	Original	Latest Budget	Outturn
	£	£	£
<b>Committee - Net Cost Of Services</b>			
Infrastructure, Housing & Economic Development	1,436,494	1,270,302	1,012,710
Leisure, Environment & Community	4,554,672	5,278,314	5,174,876
Policy & Resources	4,995,654	5,607,711	5,308,231
<b>Budget Variations</b>			(660,510)
<b>Carry Forward Requests</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Sub-Total</b>	<b>10,986,820</b>	<b>12,156,327</b>	<b>11,495,817</b>
<b>Other</b>			
Parish Precepts	2,228,733	2,228,733	2,228,733
Net Transfer from Reserves	(59,910)	(59,910)	0
Interest Payable & Borrowing costs	302,150	309,150	380,532
Interest Received	(270,000)	(270,000)	(370,000)
<b>Budget Variations</b>	<b>0</b>	<b>0</b>	(28,618)
<b>Sub-Total</b>	<b>2,200,973</b>	<b>2,207,973</b>	<b>2,239,265</b>
<b>Net Expenditure</b>	<b>13,187,793</b>	<b>14,364,300</b>	<b>13,735,082</b>
<b>Income from Council Tax, Government Grants &amp; Business Rates</b>	<b>(12,848,217)</b>	<b>(12,848,217)</b>	<b>(12,848,217)</b>
<b>(Surplus)/Deficit Before Use of Earmarked Reserves</b>	<b>339,575</b>	<b>1,516,082</b>	<b>886,864</b>
<b>Planned Use of Reserves:</b>			
Economic Impact Reserve	0	0	(490,277)
<b>(Surplus) / Deficit to be funded from General Balances</b>	<b>339,575</b>	<b>1,516,082</b>	<b>396,587</b>

## Capital Activity

Capital expenditure is incurred on assets that benefit the community over a number of years. Capital expenditure for 2022/23 is shown below:

Capital Programme 2022/23 £000	Latest Approved Budget £000	Year End Actual	
		Expenditure £000	Variance £000
Infrastructure, Housing and Economic Development	1,506	1,070	- 436
Leisure, Environment and Community	3,491	3,293	- 199
Policy and Resources	1,432	1,098	- 334
<b>Committee Capital Programme</b>	<b>6,429</b>	<b>5,460</b>	<b>- 969</b>
<b>Major Projects</b>			
South Oxhey Initiative	352	341	- 11
Temporary Accommodation	100	100	-
Property Investment Board	10,471	799	- 9,672
<b>Total Capital Programme</b>	<b>17,352</b>	<b>6,700</b>	<b>- 10,652</b>

The Council planned to complete capital schemes valued at £17.352m in 2022/23. The Council completed and funded £6.700m worth of capital work. The main variance related to a delay in the completion of the purchase of land which will now complete after 31 March 2023. In total, £10.885m has been reprofiled into 2023/24.

Of the £6.700m invested, £2.095m was funded from the New Homes Bonus earmarked reserve. The remainder was funded from government grants, contributions from third parties and borrowing.

## 5. Future Challenges

The future for local government funding remains very uncertain. The conclusion of reviews of Fair Funding, Business Rates and New Homes Bonus, initially expected to come into effect in 2020/21, remain outstanding and are not expected for the 2024/25 planning cycle. The Council has made provision for the expected outcome of these reviews within the MTFP, however, this uncertainty continues to make medium term financial planning far more challenging. Alongside this councils are continuing to manage the ongoing effects associated with the COVID-19 Pandemic which has resulted in longer term income losses, particularly around leisure and parking. The current inflationary environment creates a further challenges as the Council manages the impact of increases in the prices of energy, fuel and contracts which have impacted the budget during 2022/23. Inflation remains pervasively high at the start of 2023/24 and the impact of this will be monitored throughout the year and incorporated into the MTFP through the budget planning process. Proactive financial stewardship has ensured that we are in a strong financial position to enable us to move forward and react to all of these challenges.

## Basis of Preparation and Presentation

The Accounts are presented on an International Financial Reporting Standards (IFRS) basis having been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23. References to material and materiality relates to the significance of transactions, balances and errors. Financial information is material if its omission or misstatement could influence the users of the accounts.

# Three Rivers District Council

## Annual Governance Statement 2022/23

### SCOPE OF RESPONSIBILITY

1. Three Rivers District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
2. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
3. Three Rivers District Council has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/Solace Framework 'Delivering Good Governance in Local Government'. It is also in accordance with the requirements of the Accounts and Audit (England & Wales) Regulations 2015.
4. This Governance Statement explains how the Council has maintained sound governance during the 2022/23 financial year and also how the Council meets the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015.

### THE PURPOSE OF THE GOVERNANCE FRAMEWORK

5. The governance framework has been in place at the Council for the year ended 31 March 2023 and up to the date of approval of the annual report and statement of accounts. It comprises the systems and processes as well as the culture and values, by which the Council is directed and controlled and through which it accounts to, engages with and leads the community.
6. The governance framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.
7. The system of internal control is a significant part of this framework and is designed to manage risk to a reasonable level. However, it cannot eliminate all risk of failure to achieve policies, aims and objectives and, therefore, can only provide reasonable and not absolute assurance of effectiveness.
8. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively and economically.

### THE GOVERNANCE FRAMEWORK

9. The key elements of the systems and processes that comprise the Council's governance arrangements, as per the CIPFA 'Delivering Good Governance in Local Government: Framework – Addendum' include the following:

## General

10. Three Rivers District Council operates a Committee model form of governance under the Localism Act 2011 (“the Act”) and has done so since June 2014, with some further changes made in 2018. This has ensured that there is a more democratic approach to decision making in the organisation with no elected members having any individual executive power to make decisions and requiring Committees to be politically proportionate.
11. The Council’s written Constitution sets out how the Council operates, how decisions are made including which decisions are delegated to the various Committees or to Officers under the scheme of delegation and the terms of reference for the various Committees. The procedures that are followed ensure that these are efficient, transparent and accountable to the local community. Some of these procedures are required by law as set out in the Act and regulations made there under, whilst others are adopted locally by the Council. The Constitution is reviewed at least annually and is available on the Council’s website and intranet. Changes to the Constitution are presented to Full Council for approval with the exception of those that are delegated to the Chief Executive for approval.
12. The Council has an approved Local Code of Governance, a copy of which is included in Part 5 of the written Constitution. This sets out and describes its commitment to good governance and identifies the arrangements that have been and will continue to be made to ensure its ongoing effective implementation and application in all aspects of the Council’s work. The Local Code of Governance is available on the Council’s website.
13. The Council acknowledges its responsibility for internal control, and for ensuring that its systems maintain the integrity of accounting records and safeguard its assets. These systems provide reasonable assurance as to the reliability of financial information and maintain proper control over the income, expenditure, assets and liabilities of the Council. However, no system of internal control can provide absolute assurance against material misstatement or loss.
14. The Corporate Management Team is aware of the financial and other procedures and controls outlined in the Constitution, and senior officers are required to sign a declaration of compliance, in the form of a Management Assurance Statement, at the end of each year. This evidences amongst other things, that their staff are aware of and consistently apply the requirements of the Constitution.
15. Elected Members as decision-makers have to declare pecuniary and non-pecuniary interests, as defined under the Act, as and when they occur as well as formally recording this information in the Register of Members Interests which is available online. Each Councillor is personally responsible for keeping their entry in the Register up to date and are reminded of this obligation on an annual basis. Members have access to the Committee team and the Monitoring Officer for advice on declaration of interests at meetings.

## Strategic Aims and Objectives

16. The Council and the Policy and Resources Committee meet regularly to set the strategic direction of the Council and together with the Audit Committee and the Service Committees, monitor service delivery.
17. Each year, the Council updates its Corporate Framework. This is a document that brings together our high level, medium to long-term objectives which, following consultation and analysis of data, the council considers to be its priorities for the district. The vision and objectives set out in the 2023/26 Corporate Framework are as follows;



## Vision

### **Three Rivers: A great place to live, work and visit.**

We want Three Rivers to be a district:

- That is inclusive and where people feel they are welcome, belong and are safe
- Where people have access to good quality housing
- Where local infrastructure supports healthy lifestyles and addresses health inequalities
- Where our most vulnerable residents are supported
- That takes action to mitigate and adapt to the climate emergency and
- Where local people, organisations and businesses benefit from the prosperity of the district

## Objectives

In order to realise our vision, our objectives are:

- To provide responsive and responsible local leadership by;
  - Listening to and understanding our communities and their changing needs
  - Continuing to develop and improve our Customer Experience
  - Promoting greater collaboration between organisations across and beyond the district
  - Managing a well-run Council that delivers efficient and effective services, prioritising our statutory responsibilities
  - Making fiscally responsible decisions that protect our core public services
- To expand our position as a great place to do business by;
  - Providing and nurture an attractive environment for sustainable business and “green” jobs
  - Attracting inward investment that delivers inclusive growth
  - Supporting and enable agile working cultures
  - Developing and raise the profile of our local cultural and wider visitor economy
  - Strengthening local entrepreneurial ecosystems
- To support and enable sustainable communities by;
  - Improving the wellbeing of our residents by reducing Health Inequalities and bringing health services into the heart of communities
  - Maintaining and, where possible, expanding our leisure and cultural offer
  - Co-ordinating a Domestic Decarbonisation programme
  - Working collaboratively with partners to reduce violence, exploitation and the drivers of crime
  - Progressing towards approval of a new Local Plan that meets the needs of the district
  - Working with Communities to support those vulnerable to the cost of living crisis
- To achieve net carbon zero and be climate resilient by;
  - Making further progress towards the management of a Net Carbon Zero Council estate
  - Co-ordinating a domestic decarbonisation programme
  - Supporting local transition to a low carbon economy
  - Facilitating the design and implementation of sustainable, low carbon, infrastructure
  - Ensuring our emergency and public health plans account for more severe weather and its community impacts
  - Prioritizing climate adaptation efforts that explicitly help our most vulnerable populations
  - Maintaining our position as a top recycling authority in England.

- Progressing towards approval of a new Local Plan that can secure the highest standards of environmental performance and sustainability in development.

18. Underpinning these overarching priorities are a series of measurable (SMART) objectives so that every member of staff and our community can feel fully engaged in the process. The Council is also the lead authority for the Local Strategic Partnership, which is made up of key stakeholders from Hertfordshire Police, Police and Crime Commissioner, Hertfordshire County Council, Parish Councils, Thrive Homes, Watford Community Housing Trust, West Herts College, Department of Work and Pensions (Job Centre), Voluntary and Business Sectors.

## Decision Making Structures

19. During 2022-23 the senior management comprised of the Chief Executive, shared Director of Finance, Director of Community and Environmental Services and Executive Head of Services. From April 2023 the new structure comprises of the Chief Executive, Director of Finance, Associate Director Legal and Democratic Services, Associate Director of Customer and Community, Associate Director of Strategy, Partnerships and Housing, Associate Director of Economy, Infrastructure and Planning. Financial control is primarily the responsibility of the Shared Director of Finance with neighbouring Watford Borough Council. This combined management with heads of service meet fortnightly as the Corporate Management Team to review and progress the key objectives of the council.

20. Overall financial control is monitored on a quarterly basis by the Corporate Management Team (CMT) and Policy and Resources Committee. Budget preparation is centred around the development of the Council's Medium Term Financial Plan (MTFP) which takes into account budget pressures and available resources over the current year and three further years. This MTFP is approved by Council and financial performance is reported against this to CMT and members where variations to the plan are approved. The Council has the ultimate responsibility for approving the annual budget. The final accounts are subject to formal approval by the Audit Committee.

## Constitution

21. The Council has a written Constitution which identifies community focus, service delivery arrangements, structures and processes, risk management, internal control arrangements and standards of conduct. This sets out how the Council takes decisions, roles and responsibilities of members and officers, codes of conduct and procedure rules and also sets out the rights of citizens. The Council's Constitution is available on the Council's website.

22. There are regular meetings of the Full Council, Policy and Resources Committee and the other Service and Regulatory Committees. Meetings are open to the public and written reports are available to the public through the Council's website. Information is only treated as confidential when it is necessary to do so for legal / commercial reasons in accordance with the provisions of the Local Government Act 1972 as amended.

23. Councillors are assisted in their policy and decision-making roles by the advice of staff with suitable qualifications and experience, under the leadership of the Chief Executive. All reports requiring a decision from members include comments on financial, legal, equalities, sustainability, community safety (as relevant) and other appropriate issues such as potential risks to non-achievement, all of which ensures that comprehensive advice is provided prior to decisions being taken.

24. Local Authorities operating a committee system do not have to have or appoint separate overview and scrutiny committees. The scrutiny function for health and community safety is undertaken by the Leisure Environment and Community Committee. At Three Rivers District Council the review and scrutiny of policy is co-ordinated through the Policy and Resources Committee.

25. The Council's protocols and procedures are reviewed and updated on a regular basis for standing orders, financial regulations, a scheme of delegation and supporting procedure notes/manuals clearly

defining how decisions are taken and the process and controls required to manage risks. Compliance with established policies, procedures, laws and regulations is achieved through a combination of training events, written policy and procedural documentation, authorisation procedures, managerial supervision, review by internal and external audit and use of the disciplinary procedure where appropriate.

26. Codes of Conduct defining the standards of behaviour for members, staff, our partners and the community, have been developed and communicated and are available on the Council's website.
27. The Associate Director of Legal and Democratic Services is the Council's Monitoring Officer and duties include: maintaining the council's Constitution, reporting on any potential or actual illegality or maladministration, and giving advice to the Leader and councillors on the Constitution or issues of maladministration, financial impropriety or probity.
28. The Director of Finance is the statutory 151 Chief Finance Officer. Duties include: overall responsibility for financial administration, reporting on any actual or potential instances of illegality in expenditure including unlawful loss or deficiency or illegal items of account, and giving advice to the Council on financial planning.

## **Data Quality, Risk Management and Fraud**

29. The Council has a performance management framework linked to the Council's Corporate Framework. The framework is based on the collection and interpretation of data in the form of performance indicators. The Council is committed to using accurate data to inform its decisions and has prepared a Data Quality Strategy to achieve this. The Council's committees review the Council's achievements against targets set for service delivery.
30. The governance framework is dependent upon the underlying system of internal control which is designed to manage risk to a reasonable level. The Council's approach to risk management is governed by its Risk Management Strategy. All of the Council's key objectives, including those in the Strategic Plan have been cascaded into service plans, and the barriers to their achievement (i.e. the risks) have been identified, assessed and managed through service plans. Risks have been identified and assessed for their impact and likelihood. Where they require managing, a risk treatment plan has been prepared which identifies the controls that exist to minimise the risk together with any further action that is required. Risks associated with the Council's partners are considered and risk management is embedded throughout the Council.
31. Business continuity and emergency planning are other key aspects within the governance framework and falls within the remit of the Risk Management corporate group.
32. The Council is committed to promoting a strong anti-fraud and corruption culture. The revised Anti-Fraud and Corruption Strategy approved in 2022 is the mechanism for achieving this commitment and aims to reduce losses to fraud and corruption to a minimum. Beating fraud is everyone's business, and the Council's internal arrangements are communicated throughout the Council, and publicly, demonstrating a culture and commitment to preventing fraud. The Council has a number of robust procedures and policies in place, which combined with executive support ensure that anti-fraud, bribery and corruption measures are embedded throughout the Council. This acts as an effective deterrent to fraudulent and corrupt activity and provides the means for reporting, detecting and preventing fraud, bribery or corruption. Having a holistic approach to tackling fraud is part of good governance.

## **Shared Services with Watford Borough Council**

33. Three Rivers District Council has a shared service for Revenues and Benefits, ICT, Finance, Procurement, and Human Resources with Watford Borough Council. Both Councils also share the statutory post of Chief Financial Officer - the Shared Director of Finance.

34. From April 2014, the Governance arrangements for shared services changed to a lead authority model. Three Rivers District Council are responsible for providing Finance and Revenues and Benefits, whilst Watford Borough Council are responsible for the provision of ICT, Procurement and Human Resources. Shared Services Operational Board consisting of representatives of senior management from both councils is responsible for these services. The role of the Board covers:

- Monitoring performance and dealing with complaints from either authority.
- Resolving conflicts between competing interests amongst the authorities.
- Reviewing the governance arrangements.
- Dealing with matters referred up to it by the Operations Board.
- Having overall supervision of the Shared Service.
- Receiving annual reports on each service within the shared service.
- Community engagement.

35. The Council has established clear channels of communication with all sections of the community and other stakeholders. It provides citizens and business with information about the Council and its spending through a leaflet that is distributed with council tax and business rate bills and the publication of a summary of its key financial information.

## **Partnership Arrangements**

Building control services in Three Rivers District are provided by Hertfordshire Building Control. Hertfordshire Building Control is a jointly owned company. The shareholders of the company are Three Rivers DC and seven other Hertfordshire local authorities. They are Dacorum BC, Borough of Broxbourne, Hertsmere, East Herts Council, North Herts DC, Welwyn and Hatfield Council and Stevenage BC.

West Herts Crematorium is served by a joint committee between Three Rivers DC, Dacorum BC, St Albans, Hertsmere, and Watford BC councils.

## **REVIEW OF EFFECTIVENESS**

36. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of councillors, the officers who have responsibility for the development and maintenance of the governance environment, the Annual Report of the Head of Assurance for the Shared Internal Audit Service and also by comments made by the external auditors and other review agencies and inspectorates. Members receive half-yearly reports and corrective action has been detailed and monitored where necessary. The monthly budget monitoring system incorporated an update on financial and budgetary risks, a quantitative evaluation of fee income and the position on reserves and balances.

## **The Council**

37. All Councillors meet together as the Full Council. These meetings are chaired by the Chairman of the Council appointed in May for the municipal year. At these ordinary meetings, Councillors decide the Council's overall policies and set the budget each year. Certain decisions can only be made by the Council as a whole and these are clearly set out in the written Constitution. The Council also hold debates on issues which affect the district generally. The Leader of the Council can make an oral report on relevant district matters. Members of the public may, on notice, put written questions to the Council.

38. The Full Council comprises all 39 Members. They met five times during 2022/23. In addition, there was a meeting of Annual Council. In cases of urgency an extraordinary meeting of the Council can

be called by the Chairman and / or the Monitoring Officer under Part 4, Rule 1 of the Constitution. No such meeting was held during 2022/23.

## **The Policy and Resources Committee**

39. The Policy and Resources Committee sets and co-ordinates all policies for itself and the services and other committees which have been delegated by Council. It reviews and scrutinises the policies made or proposed to be made by the Council and recommends appropriately to the Council whether any:

- New policies are required.
- Existing policies are no longer required.
- Changes are required to any existing policies.
- Action is required to make the policies more effective.

40. Policy and Resources Committee met ten times during 2022/23, including three extraordinary meetings.

## **The Service Committees**

41. The Council has two decision making Service Committees which have detailed terms of reference set out in the Constitution:

- Infrastructure, Housing and Economic Development; and
- Leisure, Environment and Community.

42. The functions of the Service Committees are to:

- Make all decisions in respect of their areas of responsibility provided these are within their allocated budgets and agreed policies.
- Consider any matter referred to them by the Council or the Policy and Resources Committee and recommend or report to the Council or the Policy and Resources Committee accordingly.
- Review performance against the previous year's plans of the services within their remit.
- Determine an annual Work Plan.
- Liaise and seek views of the local community and other interested parties in relation to the above matters; and
- Consider any submitted Community or Councillor Calls for Action.

## **Regulatory Committees**

43. The Council has three regulatory committees: Planning, Licensing, and Regulatory Services. The terms of reference and responsibility for functions is set out in Parts 2 and 3 of the Constitution.

## **Member Allowances**

44. Members Allowances are reviewed each year by the Independent Remuneration Panel who then make recommendations to Full Council. For 2022/23 following recommendation by the Panel and approval at Full Council in December 2021 allowances increased by 1.75% from April 2022. From April 2023 allowances will increase by 5% following the panel recommendations and approval at Full Council in December 2022.

45. The Independent Remuneration Panel, comprised of local residents appointed for a 3 year period, meets on an annual basis. Their recommendation and the decision of the Council on the allowances are published locally.

## Senior Management

46. There are three Council officers who have statutory appointments - the Chief Executive's role as the Head of Paid Service, the Director of Finance's role as the Section 151 Officer and the Associate Director of Legal and Democratic Services as the Monitoring Officer.

## Procurement

47. The Council aims to use its resources efficiently, effectively and economically.

48. The Council has a robust set of documentation to provide guidance and advice to Members and officers to ensure that Procurement is carried out in an effective and ethical manner. This documentation includes Contract Procedure Rules and a Contract Management Toolkit. These documents are regularly reviewed to reflect changes in local requirements and policy and legislation.

## The Audit Committee

49. Audit Committee comprised nine members and met four times during 2022/23.

50. The role of Audit Committee is to:

- Approve (but not direct) internal audit's strategy, plan and performance.
- Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.
- Consider the reports of external audit and inspection agencies...
- Consider the effectiveness of the authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements. Seek assurances that action is being taken on risk related issues identified by auditors and inspectors.
- Be satisfied that the authority's assurance statements, including the Statement on Internal Control, properly reflect the risk environment and any actions required to improve it.
- Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
- Review the external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit.
- Approve the statutory Statement of Accounts.

## Internal Audit

51. Internal Audit is an assurance function that provides an independent and objective opinion to the Council on its control environment - this comprises the systems of governance, internal control and risk management - by evaluating its effectiveness in achieving the organisation's objectives.

52. The internal audit function is carried out, by the Shared Internal Audit Service (SIAS), a local internal audit partnership hosted by Hertfordshire County Council. This provides greater independence and resilience and a positive step in improving governance. Internal Audit carry out a programme of reviews during the year which are based upon a risk assessment including fraud risk. The audit plan is approved by Audit Committee in March of the preceding year. As part of these audits, any failures to comply with legislation, council policy and practice or best practice guidance issued by a relevant body is identified and reported. Circulation of reports to senior officers, reports to the Audit Committee and follow-up procedures ensure action is taken on priority improvements. Progress on implementing internal audit recommendations is reported in quarterly reviews to Audit Committee.

53. In line with Public Sector Internal Audit Standards, an Annual Assurance Statement and Internal Audit Report was compiled and presented to the July 2022 meeting of the Audit Committee, which:



- Included an opinion on the overall adequacy and effectiveness of the Council's internal control environment;
- Disclosed any qualifications to that opinion, together with any reasons for the qualification;
- Drew attention to any issues which are judged particularly relevant to the preparation of the annual Governance Statement.

54. The SIAS Head of Assurance Annual Report May 2023 is a key source document for the Council's Annual Governance Statement. The report concluded the following;

- SIAS has concluded that the corporate governance and risk management frameworks substantially comply with the CIPFA/SOLACE best practice guidance on corporate governance. This conclusion is based on the work undertaken by the Council and reported in its Annual Governance Statement for 2022/23.
- In respect of financial and non financial systems “Our overall opinion is Reasonable Assurance; meaning there is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.”

## **The Council's External Auditors**

55. External auditors, Ernst & Young LLP, provide an external review function through the audit of the annual accounts, assessment of value for money, and certification of grant claims. The Annual Audit and Inspection Letter is circulated to all Members and formally reported to the Audit Committee.

56. The external audit of the draft statement of accounts for the year ended 31 March 2022 has not yet been completed by EY LLP, due to the planned phased approach to delivering the audits in light of a variety of complex factors contributing to audit delays in the current and previous years. The plan is to bring the Audit timetable back within the statutory framework by April 2024.

57. In February 2022, Council agreed to opt into the national procurement for external audit services for the five year period beginning on 1 April 2023, led by Public Sector Audit Appointments Limited (PSAA). The external auditor for Three Rivers District Council from 2023/24 is Azets Audit Services.

## **The Financial Management Code of Practice**

58. The CIPFA Financial Management Code of Practice (FM Code) was published in November 2019. It sets out the ‘gold standard’ for financial management arrangements in local government. The FM Code does not have statutory status but brings together best practice and statutory guidance including the Prudential Code for Capital Finance in Local Authorities.

59. Appendix 2 is a self-assessment against the FM Code and includes actions for improvement and enhancement of current practices.

## SIGNIFICANT GOVERNANCE ISSUES

60. The 'normal' running of Council business has and can be controlled through the governance framework detailed in this report. No outstanding matters were brought forward from 2021/22. For 2022/23 the following significant governance issue has been identified from the Management Assurance Statements. Action proposed to mitigate against and manage these risks are shown in Appendix 1.

- The Service continues to pay out significant sums to householders for the Government's various energy schemes. Our systems are not designed to make payments but to receive taxation revenue. This put additional pressure on the service and brings in scope for additional fraud and error.

61. Although not considered to be a significant governance issue, Cyber Security remains a threat (as it does to all organisations). The Council has a number of mitigations in place and the associated risks are managed via the ICT risk register and through reporting to the IT Steering Group forum as part of regular reporting.

## Certification Statement from the Leader of the Council and the Chief Executive

62. We propose to take steps over the coming financial year to continue to review and further enhance our governance arrangements. We will also monitor the implementation of any audit recommendations that arise during the course of the year.

63. It is our opinion that the Council's governance arrangements in 2022/23 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2023/24.

Signed \_\_\_\_\_

Date \_\_\_\_\_

Leader of the Council – Sarah Nelmes

Signed \_\_\_\_\_

Date \_\_\_\_\_

Chief Executive – Joanne Wagstaffe

## TRDC Annual Governance Statement 2022/23 Action Plan

No.	Issue	Action	Resolved	Updates
1	The Service continues to pay out significant sums to householders for the Government's various energy schemes. Our systems are not designed to make payments but to receive taxation revenue. This put additional pressure on the service and brings in scope for additional fraud and error.	Additional capacity has been brought in via a third party provider to carry out initial screening checks. Payments are subject to normal fraud and error checks.		

## Financial Management Code Compliance Self-Assessment 2022/23

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
<b>1. Responsibilities of the Chief Finance Officer (CFO) and Leadership Team</b>				
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money (VFM)	Services use peer reviews incorporating benchmarking to inform opportunities to improve VFM. All tenders consider VFM by considering the quality of service and not just price.		GREEN
B	The authority complies with the CIPFA "Statement of the Role of the CFO in Local Government"	The CFO is qualified accountant with significant experience working as an active member of the leadership team. The CFO is a member of Leadership Board and has an influential role with members of the Cabinet, Audit Committee and lead opposition members. Role profiles within the finance team have been refreshed to ensure that the team is suitably resourced and fit for purpose.		GREEN
<b>2. Governance and Financial Management Style</b>				
C	The Leadership Team demonstrates in its actions and behaviours responsibility for governance and internal control	The Governance Group exists to ensure governance and internal control, including driving the production of the Annual Governance Statement (AGS) and Action Plan through the completion of Annual Assurance Statements by the Corporate Management Team.		GREEN
D	The authority applies the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)"	Annual Governance Statement (AGS) includes internal audit opinion on effectiveness of internal control environment and systems of internal control. The Council updates the Local Code of Governance annually.		GREEN
E	The Financial Management style of the authority supports financial sustainability	At the core of the Finance Shared Service is a technical accounting team that provides the accounting framework, treasury management function for the organisation. The budget setting process and support for strategic financial matters is delivered by the Director of Finance and Head of Finance. The Finance Business Partner team provides dedicated support to Heads of Service and budget managers with financial planning and monitoring.	During 2023/24, the Finance Business Partnering model will continue to be embedded further strengthening relationships between finance and services.	GREEN

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
<b>3. Long to Medium-Term Financial Management</b>				
F	The authority has carried out a credible and transparent financial resilience assessment	An annual assessment is made for the prudent minimum level of General Balances and this forms the basis of the budget planning process. In addition, the authority holds earmarked reserves to manage specific risks. In making this assessment Officers use the CIPFA Financial Resilience index to benchmark against other local authorities.		<b>GREEN</b>
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	The budget papers and MTFS outline the financial challenges and opportunities facing the Council. Budget planning reports to Policy and Resources Committee clearly set out the financial planning environment and any assumptions made.		<b>GREEN</b>
H	The authority complies with the CIPFA “Prudential Code for Capital Finance in Local Authorities”	An annual Capital and Investment Strategy is set by Council alongside a three-year Capital Investment Programme, Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy. The Capital Programme is monitored monthly with reports produced quarterly for Corporate Management Team and Policy and Resources Committee. Mid-term and Outturn Treasury Management reports are taken to Audit Committee and Cabinet, including monitoring of Prudential Indicators.		<b>GREEN</b>
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	The Council has an integrated Business and Budget Planning Process with a three-year MTFS supported by Service Plans.		<b>GREEN</b>
<b>4. The Annual Budget</b>				
J	The authority complies with its statutory obligations in respect of the budget setting process	The Council produces an annual balanced budget and supporting documentation within the necessary timeframe.		<b>GREEN</b>
K	The budget report includes a statement by the CFO on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves	The CFO’s Section 25 report forms part of the budget report to Council and includes a commentary of the adequacy of proposed financial reserves.		<b>GREEN</b>

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
<b>5. Stakeholder Engagement and Business Plans</b>				
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget	The Council's budget priorities are closely linked to the Council's Corporate Framework. The cross party Policy and Resources Committee considers and comments on the budget proposals prior to Council approval. Specific proposals for service changes are taken through a formal public consultation process as part of the decision making process.		<b>GREEN</b>
M	The authority uses an appropriate documented options appraisal methodology to demonstrate the value for money of its decisions	A business case is required for all capital schemes which sets out alternative options, the reasons for discounting them and benefits of progressing with the scheme. All tenders consider VFM by considering the quality of service and not just price – the appraisal process is documented. Cost estimates for capital projects are subject to robust challenge. Projects are managed within the Council's project management framework and supported by the Council's Top 15 Projects Board which monitors the progress and delivery of strategic and/or high risk projects.		<b>GREEN</b>
<b>6. Monitoring Financial Performance</b>				
N	The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	The quarterly monitoring report to Corporate Management Team and Policy and Resources Committee enables officers and members to respond to emerging risks – the effectiveness was evidenced during 2020/21 and 2021/22 as the Council agreed an in year budget changes to respond to the financial impact of COVID-19. During 2022/23 the reporting framework was enhanced to provide greater transparency through organising appendices by service committee.		<b>GREEN</b>



# Annual Governance Statement

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
O	The Leadership Team monitors the elements of its balance sheet that pose a significant risk to financial sustainability	The quarterly monitoring report to Policy and Resources Committee includes monitoring of key balance sheet items including balances, reserves, debtors, and cash (including the performance of Treasury Management).	Increase the visibility of relevant balance sheet items for service managers through improving service level reporting on earmarked reserves and aged debtors.	<b>GREEN</b>
<b>7. External Financial Reporting</b>				
P	The CFO has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the “Code of Practice on Local Authority Accounting in the United Kingdom” (The Code)	The annual accounts are produced in compliance with The Code. The accounts receive an unqualified audit opinion. Issues raised by external audit have been addressed by Officers, including accounting for infrastructure assets which was a national issue raised by the NAO.	The delay to the audit of the 2019/20 and 2020/21 and 2021/22 accounts has impacted on the timeliness of financial reporting. However, a plan is in place with the Council’s external auditors to bring the audit timetable back within the statutory framework by April 2024.	<b>AMBER</b>
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions	The Corporate Management Team and the Policy and Resources Committee consider the year end report and year end variances in a timely manner enabling strategic financial decisions to be made as necessary including transfers to reserves and agreed carry forwards for both revenue and capital budgets.		<b>GREEN</b>

# **THREE RIVERS DISTRICT COUNCIL ANNUAL GOVERNANCE STATEMENT**

## **LOCAL CODE OF GOVERNANCE**

## **What do we mean by Governance?**

1. The International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the 'International Framework') defines governance as follows:  
  
"Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved."
2. The International Framework also states that:  
  
"To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders."
3. Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
4. Governance comprises the systems and processes, and cultures and values, by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads its communities.
5. Good governance leads to:-
  - good management,
  - good performance,
  - good stewardship of public money,
  - good public engagement,
  - good outcomes for citizens and service users.
6. Good governance enables the Council to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk.
7. The Council, along with each and every other local authority, aims to meet the standards of the best and its governance arrangements should not only be sound but also be seen to be sound.

## **Governance Framework**

8. The Council operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes.
9. The Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) drew together a Working Group to compile a framework document entitled "Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016) ('the Framework')".
10. This Framework document is intended to be followed as best practice for developing and maintaining a local code of governance and for discharging accountability for the proper conduct of public business, through the publication of an annual governance statement that will make the adopted practice open and explicit.
11. To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in this Framework. It should therefore develop and maintain a local code of governance/governance arrangements reflecting the principles set out.
12. It is also crucial that the Framework is applied in a way that demonstrates the spirit and ethos of good governance which cannot be achieved by rules and procedures alone. Shared values that are integrated into the culture of an organisation, and are reflected in behaviour and policy, are hallmarks of good governance.

## **The Council's Commitment**

13. The Council is committed to the principles of good governance and wishes to confirm its ongoing commitment and intentions through this Local Code of Governance.
14. This Code sets out and describes the Council's commitment to governance and identifies the arrangements that have been and will continue to be made to ensure its ongoing effective implementation and application in all aspects of the Council's work.
15. Accordingly, the Council will test its arrangements by:-
  - reviewing its existing governance arrangements against this revised Code,
  - maintaining an up-to-date Local Code of Governance including arrangements for ensuring its ongoing application and effectiveness,
  - on an annual basis, prepare a governance statement in order to report publicly on the extent to which the Council complies with this code, including how the effectiveness of its governance arrangements have been monitored in the year and on any planned changes in the coming period.

## **The Principles of Good Governance**

16. The core principles and sub-principles of good governance set out below are taken from the International Framework. In turn they have been interpreted for a local government context.

### ***The Seven Core Principles***

17. Principles A and B permeate implementation of principles C to G.

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

*Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.*

The core principle is supported by three supporting principles:

- a) Behaving with integrity,
- b) Demonstrating strong commitment to ethical values, and
- c) Respecting the rule of law.

#### ***B. Ensuring openness and comprehensive stakeholder engagement***

*Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.*

The core principle is supported by three supporting principles:

- a) Openness,
- b) Engaging comprehensively with institutional stakeholders, and

c) Engaging with individual citizens and service users effectively.

18. In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance also requires a commitment to and effective arrangements for principles C to G.

## **C. Defining outcomes in terms of sustainable economic, social, and environmental benefits**

*The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.*

The core principle is supported by two supporting principles:

- a) Defining outcomes, and
- b) Sustainable economic, social and environmental benefits.

## **D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

*Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.*

The core principle is supported by three supporting principles:

- a) Determining interventions,
- b) Planning interventions, and
- c) Optimising achievement of intended outcomes.

## **E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

*Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.*

The core principle is supported by two supporting principles:

- a) Developing the entity's capacity
- b) Developing the capability of the entity's leadership and other individuals

## **F. Managing risks and performance through robust internal control and strong public financial management**

*Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.*

*A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.*

*It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.*

The core principle is supported by five supporting principles:

- a) Managing risk,
- b) Managing performance,
- c) Robust internal control,
- d) Managing data, and
- e) Strong public financial management.

## **G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

*Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.*

The core principle is supported by three supporting principles:

- a) Implementing good practice in transparency,
- b) Implementing good practices in reporting, and
- c) Assurance and effective accountability.

19. These principles are illustrated in the following diagram: (from CIPFA/SOLACE)





## Monitoring and Review

20. The Council will carry out an ongoing review and monitoring of its governance arrangements (see Appendix A) and how these arrangements comply with the Framework document and this Local Code. This review and monitoring will include references to, amongst other things:
  - Heads of Service Management Assurance Statements,
  - Constitution Review arrangements,
  - Ethics arrangements,
  - Shared Internal Audit Service's Annual Report,
  - Performance management arrangements,
  - Risk management arrangements,
  - Council's decision making arrangements,
  - Freedom of information and data protection arrangements, and
  - Council's complaints procedures (3C's).
21. The results of this process will be incorporated into an Annual Governance Statement (AGS), the preparation and publication of which is necessary to meet the statutory requirement of the Accounts and Audit Regulations 2015.
22. The purpose of the AGS is to provide an assurance that:
  - governance arrangements are adequate and operating effectively,
  - where the review has revealed gaps, action is planned that will ensure effective governance in future.
23. The AGS will be presented to the Council's Audit Committee.
24. Once approved, the AGS will be signed by the Leader of the Council and the Chief Executive and will be published with the Annual Statement of Accounts, prior to being reviewed by the Council's External Auditors.

**May 2023**

# Annual Governance Statement

Core Principles	A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	B - Ensuring openness and comprehensive stakeholder engagement	C - Defining outcomes in terms of sustainable economic, social, and environmental benefits	D - Determining the interventions necessary to optimise the achievement of the intended outcomes	E - Developing the entity's capacity, including the capability of its leadership and the individuals within it	F - Managing risks and performance through robust internal control and strong public financial management	G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability
Evidence of Good Governance	Constitution	Constitution	Housing, Homelessness and Rough Sleeping Strategy	Constitution	Organisational Development Strategy and Delivery Plan	Medium Term Financial Plan	Facility for Council to receive petitions
	Financial Procedure Rules	Local Strategic Partnership	Chief Executive, Director of Finance, Associate Director Legal and Democratic Services, Associate Director of Customer and Community, Associate Director of Strategy, Partnerships and Housing, Associate Director of Economy, Infrastructure and Planning.	Strategic Plan	Performance Development Review (appraisals)	Treasury Management Strategy	Public participation at Council meetings
	Contract Procedure Rules	Three Rivers Community Strategy	Legal and Democratic Services, Associate Director of Customer and Community, Associate Director of Strategy, Partnerships and Housing, Associate Director of Economy, Infrastructure and Planning.	Medium Term Financial Plan	Job / Person Specifications	Budget Panel	Residents / business owners submit relevant questions in writing for consideration and response at Council meetings
	Contracts Register	Service Level and Partnership Agreements	Associate Director of Strategy, Partnerships and Housing, Associate Director of Economy, Infrastructure and Planning.	Departmental Service Plans	Financial Procedure Rules	Audited Annual Statement of Accounts	Freedom of Information Publication Scheme
	Rules of Procedure (the proceedings and the business of the Council)	Local Government Transparency Code	Associate Director of Strategy, Partnerships and Housing, Associate Director of Economy, Infrastructure and Planning.	Committee Meetings, Agendas and Minutes	Contract Procedure Rules	Annual Revenue and Capital Budgets	Committee Meetings, Agendas and Minutes
	Members' Code of Conduct	Data Protection and Freedom of Information	Associate Director of Strategy, Partnerships and Housing, Associate Director of Economy, Infrastructure and Planning.	Budget Consultation	Employee Health and Wellbeing Strategy	Risk Management Strategy	Report Templates
	Members' Allowances	Shared Service Initiatives	Associate Director of Strategy, Partnerships and Housing, Associate Director of Economy, Infrastructure and Planning.	Local Strategic Partnership	Health and Safety Group	Strategic and Service Risk Registers	
	Officer Code of Conduct	Council Contracts	Associate Director of Strategy, Partnerships and Housing, Associate Director of Economy, Infrastructure and Planning.	Communications Strategy	Health and Wellbeing Initiatives	Annual Management Assurance Statements	
	Annual Governance Statement	Budget Consultation	Associate Director of Strategy, Partnerships and Housing, Associate Director of Economy, Infrastructure and Planning.	Policy and Resources Committee			
	Procurement toolkit	Customer Feedback / Complaints Process	Associate Director of Strategy, Partnerships and Housing, Associate Director of Economy, Infrastructure and Planning.	Full Council including Annual Council			
	Whistleblowing Policy		Associate Director of Strategy, Partnerships and Housing, Associate Director of Economy, Infrastructure and Planning.				

Core Principles	A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	B - Ensuring openness and comprehensive stakeholder engagement	C - Defining outcomes in terms of sustainable economic, social, and environmental benefits	D - Determining the interventions necessary to optimise the achievement of the intended outcomes	E - Developing the entity's capacity, including the capability of its leadership and the individuals within it	F - Managing risks and performance through robust internal control and strong public financial management	G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability
Evidence of Good Governance	<p>Bribery Policy</p> <p>RIPA Policy</p> <p>Equalities Policy</p> <p>Register of Members' Interests / Gifts and Hospitality</p> <p>Corporate Complaints Procedure</p> <p>Audit Committee</p> <p>Policy and Resources Committee</p> <p>Independent Remuneration Panel</p> <p>Mandatory Member Training</p>		<p>Service Committees</p> <p>Policy and Resources Committee</p>		<p>Safeguarding Policy</p> <p>Members and Staff Induction Programme</p> <p>Sickness Absence Monitoring Policy</p>	<p>Shared Internal Audit Service (SIAS)</p> <p>Annual Audit Plan Report</p> <p>SIAS Progress Reports</p> <p>Head of Assurance Opinion and SIAS Annual Report</p> <p>Annual Governance Statement</p> <p>External Audit</p> <p>External Audit Annual Audit Letter</p>	<p>Local Government Transparency Code – Transparency and Open Data</p> <p>Independent Remuneration Panel</p> <p>Shared Internal Audit Service (SIAS)</p> <p>Head of Assurance Opinion and SIAS Annual Report</p> <p>Annual Fraud Report</p>

Core Principles	A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	B - Ensuring openness and comprehensive stakeholder engagement	C - Defining outcomes in terms of sustainable economic, social, and environmental benefits	D - Determining the interventions necessary to optimise the achievement of the intended outcomes	E - Developing the entity's capacity, including the capability of its leadership and the individuals within it	F - Managing risks and performance through robust internal control and strong public financial management	G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability
Evidence of Good Governance	<p>Anti-Social Behaviour Policy</p> <p>Local Code of Corporate Governance</p> <p>Corporate Management Team Chief Executive, Director of Finance, Associate Director Legal and Democratic Services, Associate Director of Customer and Community, Associate Director of Strategy, Partnerships and Housing, Associate Director of Economy, Infrastructure and Planning, and Heads of Service</p>					<p>Committee Meetings, Agendas and Minutes</p> <p>Monthly Budget Monitoring Reports</p> <p>Audit Committee</p> <p>Financial Procedure Rules</p> <p>Contract Procedure Rules</p>	

## **Movement in Reserves Statement (MIRS)**

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves (unusable reserves). The (Surplus) or Deficit on the Provision of Services line shows the true and fair cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council tax setting. The net (increase)/decrease before transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

## **Comprehensive Income and Expenditure Statement (CIES)**

This statement shows the true and fair view of cost in the year of providing services in accordance with generally accepted accounting policies, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations, and this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

## **Balance Sheet**

The Balance Sheet shows the value as 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 by the Council. Reserves are reported in two categories. The first category are usable reserves, i.e. 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. The second category of reserves is those that the Council is not able to use to provide services (unusable reserves). This category of reserves includes reserves that hold unrealised gains and losses (for example 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 basis 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 the 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 finance activities are useful in predicting claims on future cash flows by providers of capital to (i.e. borrowing by) the Council.

## Movement in Reserves Statement

	Notes	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Unapplied £'000	Capital Grants and Contbns Unapplied £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves £'000
<b>Balance at 31 March 2021</b>		<b>5,177</b>	<b>21,078</b>	<b>195</b>	<b>6,712</b>	<b>33,162</b>	<b>40,936</b>	<b>74,098</b>
<b>Movement in reserves during 2021/22</b>								
Total Comprehensive Income and Expenditure		-6,703	0	0	0	-6,703	22,658	15,954
Adjustments between accounting basis and funding basis under statutory provisions	9	658	0	-3	1,848	2,503	-2,503	0
Transfers to / from earmarked reserves	39	6,199	-6,199	0	0	0	0	0
<b>Increase (+) or Decrease (-) In Year</b>		<b>153</b>	<b>-6,199</b>	<b>-3</b>	<b>1,848</b>	<b>-4,201</b>	<b>20,155</b>	<b>15,954</b>
<b>Balance at 31 March 2022</b>		<b>5,330</b>	<b>14,879</b>	<b>192</b>	<b>8,560</b>	<b>28,961</b>	<b>61,091</b>	<b>90,052</b>
<b>Movement in reserves during 2022/23</b>								
Total Comprehensive Income and Expenditure		2,655	0	0	0	2,655	48,317	50,972
Adjustments between accounting basis and funding basis under statutory provisions	9	-1,161	0	1,631	2,308	2,779	-2,779	0
Transfers to / from earmarked reserves	39	-1,797	1,797	0	0	0	0	0
<b>Increase (+) or Decrease (-) In Year</b>		<b>-303</b>	<b>1,797</b>	<b>1,631</b>	<b>2,308</b>	<b>5,434</b>	<b>45,538</b>	<b>50,972</b>
<b>Balance at 31 March 2023</b>		<b>5,027</b>	<b>16,676</b>	<b>1,823</b>	<b>10,868</b>	<b>34,395</b>	<b>106,630</b>	<b>141,025</b>

## Comprehensive Income and Expenditure Statement

2021/22				2022/23		
Gross Expenditure	Income	Net Expenditure	Notes	Gross Expenditure	Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
3,917	-2,158	1,759	Infrastructure Housing and Economic Development	4,959	-2,822	2,138
13,382	-5,803	7,580	Leisure, Environment and Communities	16,659	-7,730	8,929
33,582	-22,875	10,708	Policy and Resources	32,383	-23,343	9,040
1,860	0	1,860	Other Corporate Costs	1,883	-4,500	-2,617
<b>52,742</b>	<b>-30,835</b>	<b>21,907</b>	<b>Cost of Services</b>	<b>55,884</b>	<b>-38,394</b>	<b>17,489</b>
		-586	Other Operating Expenditure	-1,914	0	-1,914
		822	Financing and Investment Income and Expenditure	1,321	417	1,738
		-15,439	Taxation and Non-Specific Grant Income	0	-19,969	-19,969
		<b>6,703</b>	<b>Surplus (-) or Deficit (+) on Provision of Services</b>	<b>55,291</b>	<b>-57,946</b>	<b>-2,655</b>
			<b>Items that will not be reclassified to the Surplus (-) or Deficit (+) on the Provision of Services</b>			
		12,596	Surplus or Deficit on revaluation of non-current assets			-17,081
		0	Impairment losses on non-current assets charges to the revaluation reserve			1,929
		-10,062	Remeasurements of the net defined benefit liability (asset)			-31,236
		2,534	0			-46,388
			<b>Items that may be reclassified to the Surplus (-) or Deficit (+) on the Provision of Services</b>			
		0	Surplus or deficit on revaluation of available for sale financial assets			0
		0	Other gains or losses			0
		0				0
<b>0</b>	<b>0</b>	<b>2,534</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>-46,388</b>
		<b>9,237</b>				<b>-49,043</b>



Balance Sheet

As at 31 March 2022 £'000		Notes	As at 31 March 2023 £'000	£'000
	<b>Long Term Assets</b>			
88,400	Property, Plant and Equipment	23	108,798	
8,988	Investment Property	25	13,704	
0	Surplus Assets		0	
146	Heritage Assets		146	
0	Intangible Assets	26	0	
511	Long Term Investments	34	511	
11,618	Finance Lease Asset	29	5,432	
5,243	Long Term Debtors	29	5,223	
<b>114,905</b>	<b>Total Long Term Assets</b>			<b>133,814</b>
	<b>Current Assets</b>			
4,755	Debtors	30	8,274	
61	Stock		58	
15,347	Short Term Investments	33	20,682	
8,853	Cash and Cash Equivalents	32	2,696	
<b>29,016</b>	<b>Total Current Assets</b>			<b>31,709</b>
	<b>Current Liabilities</b>			
-9	Short Term Borrowing	34	-9	
-22,702	Short Term Creditors and Revenue Receipts in Advance	31	-13,378	
-1,103	Provisions	36	-434	
0	Short Term Finance Liability		0	
0	Short Term Capital Grants Receipts in Advance		-617	
<b>-23,814</b>	<b>Total Current Liabilities</b>			<b>-14,438</b>
	<b>Long Term Liabilities</b>			
0	Long Term Creditors and Revenue Receipts in Advance		0	
-8,000	Long Term Borrowing		-8,000	
-22,013	Pension Liability	19	5,895	
0	Long Term Finance Liability		-7,949	
0	Deferred Income		0	
-41	Long Term Capital Grants Receipts in Advance		-6	
<b>-30,054</b>	<b>Total Long Term Liabilities</b>			<b>-10,061</b>
<b>90,052</b>	<b>Net Assets (+) / Net Liabilities (-)</b>			<b>141,025</b>
	<b>Financed from:</b>			
<b>28,961</b>	<b>Usable Reserves</b>	37-41		<b>34,395</b>
<b>61,091</b>	<b>Unusable Reserves</b>	42-49		<b>106,630</b>
<b>90,052</b>	<b>Total Reserves</b>			<b>141,025</b>

Alison Scott, Director of Finance

Date: 31 October 2024

## Cash Flow Statement

2021/22 £'000		Notes	2022/23 £'000
6,703	<b>Net (surplus) or deficit on the provision of services</b>		<b>-2,655</b>
-15,053	Adjust net surplus or deficit on the provision of services for non-cash movements	50	6,409
3,107	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	50	6,177
<b>-5,243</b>	<b>Net cash flows from Operating Activities</b>		<b>9,931</b>
-1,423	Investing activities	50	-2,569
5,258	Financing activities	50	-1,205
<b>-1,408</b>	<b>Net increase (-) or decrease (+) in cash and cash equivalents</b>		<b>6,157</b>
7,445	Cash and cash equivalents at the beginning of the reporting period		8,853
<b>8,853</b>	<b>Cash and cash equivalents at the end of the reporting period</b>		<b>2,696</b>

## 1. Expenditure and Funding Analysis

2021/22			2022/23			
Expenditure chargeable to the General Fund £'000	Adjustments between funding and accounting basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000	Notes	Expenditure chargeable to the General Fund £'000	Adjustments between funding and accounting basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
1,375	384	1,759		1,585	552	2,137
4,785	2,794	7,579	Infrastructure Housing and Economic Development	4,602	4,327	8,929
3,872	6,836	10,708	Leisure, Environment and Communities	4,938	4,102	9,040
0	1,860	1,860	Policy and Resources	0	-2,617	-2,617
<b>10,032</b>	<b>11,874</b>	<b>21,907</b>	Other Corporate Costs	<b>11,126</b>	<b>6,364</b>	<b>17,489</b>
			<b>Service Costs</b>			
-10,186	-5,017	-15,203	Other Income and Expenditure not charged to services	-10,823	-9,321	-20,144
<b>-153</b>	<b>6,857</b>	<b>6,703</b>	<b>Surplus (-) or Deficit (+) on Provision of Services</b>	<b>303</b>	<b>-2,958</b>	<b>-2,655</b>
5,176			Opening General Fund Balance at 1 April	5,329		
153			Add surplus (+) or deficit (-) on the General Fund for the year	-303		
<b>5,329</b>			<b>Closing General Fund Balance at 31 March</b>	<b>5,026</b>		

## 2. Accounting Policies

### 2.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts by The Accounts and Audit (England) Regulations 2015, which require these to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code). The Code prescribes guidance on the preparation of the Statement of Accounts, supported by International Financial Reporting Standards (IFRS) (and statutory guidance issued under section 12 of the 2003 Act). 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. The Statement of Accounts has been prepared on a 'going concern' basis.

### 2.2 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council
- revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council
- 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
- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made
- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract
- Where revenue 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. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

## 2.3 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 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 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. The Council has no overdraft facility.

## 2.4 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.

## 2.5 Charges to Revenue for Long Term Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:-

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. These entries are adjusted through the Movement in Reserves Statement (MIRS).

## 2.6 Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the collection fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the collection fund, billing authorities, major preceptors and central government (for NDR) share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

## Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the collection fund adjustment account and included as a reconciling item in the Movement in Reserves Statement. The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals. Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

## 2.7 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, bonuses and non-monetary benefits (e.g. cars) 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. 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 made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the MIRS 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 and are charged on an accruals basis to the Non-Distributed Costs line in the Comprehensive Income and Expenditure Statement (**CIES**) when the Council is demonstrably committed to the termination of the employment of an officer, or group of officers, or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General 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 MIRS, 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 the Local Government Pension Scheme, administered by Hertfordshire County Council. The scheme provided defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Council. The schemes arrangements are summarised as follows:-



## The Local Government Pension Scheme

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

- the liabilities of Hertfordshire County Council Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. 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 projected earnings for current employees;
- liabilities are discounted to their value at current prices, using a discount rate of 3.6%-3.8% (based on the indicative rate of return on high quality corporate bonds); and
- the assets of Hertfordshire County Council (HCC) Pension Fund attributable to the Council are included in the Balance Sheet at their bid value as required by International Accounting Standard (IAS) 19. Full details of the assets held by the Fund are disclosed as part of the Pension scheme disclosure.

### The change in the net pension liability is analyzed into seven 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 which relate to years of service earned in earlier years — debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs;
- interest cost — the expected increase in the present value of liabilities during the year as they move one year closer to being paid — debited to the Financing and Investment Income and Expenditure line in the CIES;
- expected return on assets — the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return credited to the Financing and Investment Income and Expenditure line 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 as part of Non-Distributed Costs
- 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 — credited to the Comprehensive income and expenditure - Other Comprehensive Income and Expenditure line and reversed through the Movement in Reserves to the Pensions Reserve; and
- contributions paid to the HCC pension fund — cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense in the CIES.

In relation to retirement benefits, statutory provisions require the General Fund 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 MIRS 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 General Fund 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 member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

## **2.8 Financial Instruments**

### **Financial Liabilities**

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 are carried at their amortised cost.

### **Financial Assets - Loans and Receivables**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

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

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority 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 Statements the instrument. For most of the financial assets held by the authority, 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.

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

### **Expected Credit Loss Model**

The authority recognises expected credit losses on all of its material financial assets held at amortised cost [or where relevant FVOCI], either on a 12-month or lifetime basis. The expected credit loss model also applies to material lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

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. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed

on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The Expected Credit Loss Model is not applied to debts related to Council Tax and Non Domestic Rates.

## **Financial Assets Measured at Fair Value through Profit of Loss (FVPL)**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices –the market price; and
- other instruments with fixed and determinable payments –discounted cash flow analysis.

## **2.9 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 of the payment; 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 embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential 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. 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 General Fund Balance in the MIRS. 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.

## **2.10 Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset.

Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore 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.

An asset is tested for impairment whenever there is an indication that the asset might be impaired — any losses recognised are posted to the relevant service line(s) in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the MIRS and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Where there is intangible asset expenditure of an immaterial nature, the Council's policy is that these be capitalised and then written off in-year.

## **2.11 Inventories and Long Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost or net realisable value.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

## **2.12 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, for the provision of community benefit, for the purpose of economic development and regeneration, production of goods, or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to 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.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the MIRS and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

## 2.13 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

### ***The Council as Lessee***

#### **Finance Leases**

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

#### **Lease payments are apportioned between:-**

- a charge for the acquisition of the interest in the property, plant or equipment — applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the CIES).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the MIRS.

#### **Operating Leases**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

### ***The Council as Lessor***

#### **Finance Leases**

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, 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. A gain, representing the Council's net investment in the lease, is 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), matched by a lease (long-term debtor) asset in the Balance Sheet.

#### **Lease rentals receivable are apportioned between:**

- a charge for the acquisition of the interest in the property — applied to write down the lease debtor (together with any premiums received); and
- finance income (credited to the Financing and Investment Income and Expenditure line in the CIES).

The gain credited to the CIES on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the MIRS. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the MIRS. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the MIRS.

#### **Operating Leases**

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CIES. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

### **2.14 Overheads and Support Services**

The costs of overheads and support services are not charged to those service segments that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2016/17 (SERCOP).

However, the costs of overheads and support services are accounted for as separate headings in the CIES.

### **2.15 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 is 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. 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.

## 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 Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the CIES, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account.

Where gains are credited to the CIES, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the MIRS.

It should be noted that at present the Council has no donated assets.

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

- Infrastructure, community assets and assets under construction — depreciated historical
- All other assets — fair value, determined as the amount that would be paid for the asset in its existing use (Existing Use Value — EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. In addition, should current valuations of a similar class of asset suggest material differences in valuations, the entire class to which the asset belongs would be revalued. The current valuers have undertaken a market review of individual asset types within the Council's portfolio at year end to identify any material changes to the fair value of assets. 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.



## **When decreases in value are identified:**

- 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); or
- 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 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.

## **When impairment losses are identified:**

- 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), or
- 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 reversed subsequently, 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 by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

## **Depreciation is calculated on the following bases:-**

- Buildings — straight-line allocation over the useful life of the asset as estimated by the valuer - up to 70 years;
- Vehicles — straight-line over the estimated life of the asset - up to 20 years;
- Plant, furniture and equipment — straight-line over the estimated life of the asset - up to 20 years;
- Infrastructure — straight-line over the estimated life of the asset - up to 25 years; and
- Finance leases — over the life on the underlying asset or over the life of the lease where there is no option to acquire the asset at the end of the lease.

Please note, to ensure consistency across the Councils policies, the previous accounting policy of depreciating some plant, furniture and equipment has been changed from reducing balance to straight-line. This now means all Councils assets if depreciated are depreciated based on a straight-line basis. The impact was immaterial.

Depreciation commences in the year following acquisition.

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, the components are depreciated **separately**, in order to ensure the depreciation charge is realistic.

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.

## **Disposals of Non-current Assets**

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 (if any) 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 £10,000 are categorised as capital receipts.**

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

## **Construction Contracts**

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

## **2.16 Heritage Assets**

Heritage Assets are held with the objective of increasing knowledge, understanding and the appreciation of the Council's history and local area. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules have been simplified in relation to heritage assets as detailed below.

The Heritage Assets are relatively static and acquisitions, donations and disposals are rare. Where acquisitions do occur, they are initially recognised at cost and donations are recognised at valuation ascertained by insurance officers, museum curators or external valuers. Proceeds from the disposal of Heritage Assets are accounted for in accordance with the Council's general policies relating to the

disposals of property, plant and equipment. The Council has a rolling programme of major repair and restoration of its heritage assets and therefore the assets are deemed to have indefinite lives and the Council does not consider it necessary to charge depreciation.

The Council's collection of Heritage Assets, which includes works of art, musical equipment, sculptures, statues, war memorials and civic regalia, are reported at insurance valuations, which are based on market values, internal or external valuations. These insurance valuations are reviewed and updated on an annual basis. The carrying amounts of heritage assets are reviewed where there is evidence of impairment or where an item has suffered physical deterioration or breakage. Any impairment is recognised and measured in accordance with the Council's general policy on impairment.

### **2.17 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 the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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.

The level of provisions is reviewed annually by the Council.

#### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

#### **Contingent Assets**

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

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

## **2.18 Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the MIRS. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the General Fund Balance in the MIRS so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council — these reserves are explained in the relevant policies.

## **2.19 Revenue Expenditure Funded from Capital under Statute**

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 MIRS from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

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

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

## **2.21 Jointly Controlled Operations and Jointly Controlled Assets**

Jointly controlled operations are activities undertaken by the Council in conjunction with other organisations, that involve the use of assets and resources of the Council and organisations without the establishment of a separate legal entity.

The Council recognises the assets and liabilities it controls on the Council's balance sheet. Expenditure incurred by the Council and income it earns from the operation is included in the Council's CIES.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other organisations. The assets being used to obtain benefit to the Council and organisations. The arrangement does not involve the formation of a legal entity.

The Council accounts for only its share of jointly controlled assets, liabilities and expenses incurred in respect of its interest in the arrangement.

An agreement exists between Dacorum Borough Council, Hertsmere Borough Council, St Albans City & District Council, Three Rivers District Council and Watford Borough Council to constitute a West Herts Crematorium Joint Committee under the Local Government Act 2000.

The Joint Committee has one member from each of the constituent Councils. One Watford Councillor represents the Council on the Joint Committee. The Council's Managing Director is the Clerk to the Joint Committee. Three Rivers District Council provide the Treasurer.

## 2.22 Single Entity Financial Statements

The financial statements presented by a parent, an investor in an associate or a venturer in a joint venture (jointly controlled entity) in which the investments are accounted for on the basis of the direct equity interest (i.e. at cost) rather than on the basis of the reported results and net assets of the investees. In the context of the Code, an Authority's single entity financial statements are deemed to be separate financial statements.

## 2.23 Group Accounts are the financial statements of an entity together with:-

- its subsidiary undertakings,
- its investments in associates, and
- its interests in joint ventures (jointly controlled entities); presented as a single economic entity.

Subsidiary undertakings are accounted for in accordance with the implementation of IAS27 (International Accounting Standard 27) in the 2019/20 Code. The 2019/20 Code requires consolidation of subsidiaries. Consolidation is a method of accounting whereby an entity combines the financial statements of the parent and its subsidiaries line by line by adding together like items of assets, liabilities, reserves, income and expenses. In order that the consolidated financial statements present financial information about the group as that of a single economic entity, the following steps are then taken:-

- the carrying amount of the parent's investment in each subsidiary and the parent's portion of reserves of each subsidiary are eliminated;
- any non-controlling interest is identified and separately disclosed;
- intragroup balances and transactions, including income, expenses and dividends, are eliminated in full.

Investments in associates are accounted for in accordance with the implementation of IAS28 in the Code. The Code requires the consolidation of an entity's interest in associates. Joint ventures are accounted for in accordance with the implementation of IFRS 11 in the Code. The Code requires use of the "equity method" of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post acquisition change in the investor's share of the net assets of the investee. The profit or loss of the investor includes the investor's share of the profit or loss of the investee.

### Turnover (for Group Accounts)

Turnover in respect of property development is recognised on unconditional exchange of contracts on disposals of finished developments.

Where construction of pre-sold developments is under-taken, the revenue and profits are recognised in accordance with IFRIC 15. Revenue is determined by independently certified milestones.

### Taxation (for Group Accounts)

Taxation on all profits is solely the personal liability of individual members. Consequently, neither taxation nor related deferred taxation arising in respect of Three Rivers Homes LLP or Three Rivers Homes Ltd are accounted for in these financial statements.

## **Subscription and Repayment of Members' Capital (for Group Accounts)**

The capital requirements of the LLP are reviewed from time to time by the Board and further capital contributions may be made at the discretion of the members. No interest is charged on capital except pursuant to a dissolution, no capital can be withdrawn by a member unless agreed by all members.

## **Allocation of Profits and Drawings (for Group Accounts)**

The allocation of profits to those who were members during the financial period occurs following the finalisation of the annual financial statements.

The allocation of profits between members is determined by entitlements outlined in the Members' Agreement and is dependent on certain profit criteria being achieved. In accordance with the SORP as a consequence of the LLPs profits being automatically divided in line with the entitlements outlined in the Members' Agreement these profits are treated as an expense in the profit and loss account.

## **Work in progress (for Group Accounts)**

Development land and work in progress is included at cost less any losses foreseen in completing and disposing of the development less any amounts received or receivable as progress payments or part disposals. Where a property is being developed, cost includes cost of acquisition and development to date, including directly attributable fees, expenses and finance charges net of rental or other income attributable to the development. Where development property is not being actively developed, net rental income and finance costs are taken to the profit and loss account.

## **2.24 Fair Value**

The Council measures some of its non-financial assets, such as surplus assets and investment properties, 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. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability (assuming those market participants were acting in their economic best interest).

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets:

- Level 1 – quoted prices,
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly,
- Level 3 – unobservable inputs for the asset or liability.



## 3. Accounting Standards that have been issued but not yet adopted

Paragraph 3.3.4.3 of the Code of Practice requires that the Council discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2023 for 2022/23).

The standards introduced by the 2022/23 Code where disclosures are required in the 2022/23 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

In compiling the 2022/23 accounts there are no material effects in relation to these standards.

## 4. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 2, the Council has to make certain judgements about complex transactions or those involving uncertainty about future events.

The assumptions within the accounts are arrived at in a number of ways:

- a) Estimates for accrued expenditure/income - based on service managers' and accountants' calculations at year end.
- b) Bad debt provision - based on historic trends and adjusted for any material movements during 2022/23.
- c) Asset lives for the calculation of depreciation charges - based on service managers' experience of previously used assets.
- d) The Council has also placed reliance on technical estimates supplied by third parties for the following:
  - Property valuations made by the Avison Young
  - Pension valuations supplied by Hymans Robertson - Actuary engaged by Hertfordshire County Council.

The Council has received very detailed reports from both of these sources outlining overall valuations and all of the key assumptions made in arriving at these final figures. These reports will be examined by EY during their audit of the Council's Accounts.

e) Delays to the reviews of the future funding mechanisms for Local Government have caused a high degree of uncertainty. The impact of this on the finances of this Council will be material with an expectation that the current various income streams will be altered, reduced and even ceased in some cases. This has been compounded by the Covid-19 pandemic which required various national lockdowns and restrictions to be imposed. Authorities have received some necessary reactive funding and have been reimbursed for the majority of the lost income normally collected through Fees and Charges. This funding, along with the need to close facilities have been sufficient to protect the assets of the Council from impairment.



## 5. Prior Period Adjustments

There are no prior period adjustments for 2022/23.

## 6. Events after the Balance Sheet date

There are no known events that would have material impact on the Council's position as at 31 March 2023. The draft Statement of Accounts was authorised for reissue by the Section 151 Officer on 31 October 2024.

Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## 7. Assumptions Made About the Future and Other Major Sources of Uncertainty

The Statements of Accounts contains estimated figures that are based on assumptions made by the Council about the future that are otherwise uncertain. Estimates are made taking in to account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The Items in the Council's Balance Sheet at 31 March 2023 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Impact
Property, Plant and Equipment (PPE)	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to the individual assets. The current economic climate makes it possible that the Council will be unable to sustain its current spending on repairs and maintenance, bringing in to doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
Investment Properties	Due to the effects of Covid-19 on the property market the Council's valuer Avison Young have provided valuations reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, they advise that less certainty and a higher degree of caution should be attached to the valuation than would normally be the case.	The impact of different valuations would have an impact on the value of non-current assets and reserves on the Balance Sheet changing both by the same amount.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to: the discount rate used; the rate at which salaries are projected to increase; changes in the retirement ages; mortality rates; and expected returns on pension assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The value of pension assets is based upon information available at the Balance Sheet date, but these valuations may be earlier than the Balance Sheet date. The actual valuations at the Balance Sheet date, which may not be available until sometime later, may give a different value of pension assets, but this is not generally considered to be material.	The effects on the closing defined benefit obligation of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the closing defined benefit obligation of £1.613m. A 1 year increase in life expectancy assumptions would increase the closing defined benefit obligation by 4%.

<p>Arrears</p>	<p>At 31 March 2021, the Council had a short term debtor balance of £7.897m. A review of significant balances suggested a provision for bad debts of £2.667m was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient</p> <p>The economic impact of the Covid-19 pandemic has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts.</p>	<p>If collection rates were to deteriorate an increasing level of doubtful debts would require an additional amount to be put aside as a bad debt provision for additional bad debt write offs.</p>
<p>Non Domestic Rates Appeals Provision</p>	<p>The provision for NDR Appeals includes an assessment of the appeals lodged to 31st March 2021, plus an estimate of the appeals not yet lodged.</p>	<p>There is uncertainty and risk surrounding the calculation of the provision as future events may affect the amount required to settle the obligation. If NDR appeals were to significantly increase, the provision would have to be reassessed and increased. The increased liability would be shared between the Council, Central Government and County Council.</p>
<p>Fair Value Asset Valuations</p>	<p>The Council engages Avison Young, a qualified RICS surveyor, to provide valuations of land and property assets at the year end. The values of assets are adjusted to their current values by reviewing the sales of similar assets in the region, applying indexation and considering impairment of individual assets. Avison Young's valuation experts work closely with finance officers on all valuation matters.</p>	<p>Significant changes in the assumptions of future income streams/growth; occupancy levels; ongoing property maintenance and other factors could result in a significantly higher or lower fair value for these assets.</p> <p>In particular, the measures taken to tackle Covid-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value.</p>

## 8. Adjustments in the Expenditure and Funding Analysis

2021/22				2022/23				
Adjustments for Capital Purposes (Note A)	Net Charge for the Pensions Adjustments (Note B)	Other Differences (Note C)	Total Adjustments		Adjustments for Capital Purposes (Note A)	Net Charge for the Pensions Adjustments (Note B)	Other Differences (Note C)	Total Adjustments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
-398	450	333	384	Infrastructure Housing and Economic Development	522	422	-391	552
993	1,195	605	2,794	Leisure, Environment and Communities	1,615	1,232	1,480	4,327
299	1,534	5,003	6,836	Policy and Resources	2,045	1,390	667	4,102
0	0	1,860	1,860	Other Corporate Costs	0	0	-2,617	-2,617
<b>894</b>	<b>3,180</b>	<b>7,801</b>	<b>11,874</b>	<b>Service Costs</b>	<b>4,181</b>	<b>3,044</b>	<b>-862</b>	<b>6,364</b>
-1,375	336	-3,979	-5,017	<b>Other Income and expenditure not charged to services</b>	-6,388	284	-3,217	-9,321
<b>-481</b>	<b>3,516</b>	<b>3,822</b>	<b>6,857</b>	<b>Surplus (-) or Deficit (+)</b>	<b>-2,207</b>	<b>3,328</b>	<b>-4,079</b>	<b>-2,958</b>

### 9. Adjustments between accounting basis and funding basis under regulations

2021/22										2022/23			
General Fund Balance	Capital Receipts Unapplied	Capital Grants & Contbns Unapplied	Unusable Reserves							General Fund Balance	Capital Receipts Unapplied	Capital Grants & Contbns Unapplied	Unusable Reserves
£'000	£'000	£'000	£'000							£'000	£'000	£'000	£'000
<b>Adjustments to Revenue Resources</b>													
3,516	0	0	-3,516	Pension Costs transferred to (or from) the Pensions Reserve						3,328	0	0	-3,328
0	0	0	0	Financial instruments transferred to the Financial Instrument Adjustment Account						0	0	0	0
6	0	0	-6	Gain or Loss on the valuation of pooled investment funds						-50	0	0	50
-2,211	0	0	2,211	Council Tax and Business Rates transferred to the Collection Fund Adjustment Account						-2,155	0	0	2,155
-64	0	0	64	Holiday pay transferred to the Accumulated Balances Account						-77	0	0	77
4,865	0	0	-4,865	Reversal of entries included in the Surplus of Deficit on the Provision of Services in relation to capital expenditure to the Capital Adjustment Account						6,533	0	0	-6,533
<b>Adjustments between Revenue and Capital Resources</b>													
-705	705	0	0	Transfer of non-current asset sale proceeds to the Capital Receipts Unapplied Reserve						-2,078	2,078	0	0
0	-6,787	0	6,787	Useable Capital Receipts applied to finance capital expenditure						0	-6,670	0	6,670
-168	0	0	168	Statutory provision for the repayment of debt transferred to the Capital Adjustment Account						-188	0	0	188
-2,136	0	0	2,136	Capital expenditure financed from revenue balances transferred to the Capital Adjustment Account						-2,360	0	0	2,360
0	0	-597	597	Capital grants and contributions applied						0	0	-1,806	1,806
24	0	-24	0	Capital grants and contributions released to revenue						20	0	-20	0
-2,468	0	2,468	0	Capital gains and contributions receivable not applied to finance capital expenditure						-4,135	0	4,135	0
<b>Adjustments to Capital Resources</b>													
0	6,079	0	-6,079	Release of Deferred Capital Receipt to Capital Receipt Reserve						0	6,223	0	-6,223
<b>659</b>	<b>-3</b>	<b>1,847</b>	<b>-2,503</b>	<b>Total</b>						<b>-1,162</b>	<b>1,631</b>	<b>2,309</b>	<b>-2,778</b>

## 10. Analysis of Income and Expenditure by Nature

2021/22 £'000	Income and Expenditure	2022/23 £'000
-11,719	Fees, charges and other service income	-13,634
-24,662	Government grants and contributions	-32,537
-926	Interest and investment income	-1,122
-10,560	Income from council tax and non-domestic rates	-10,653
0	Proceeds from the disposal of non-current assets	0
<b>-47,868</b>	<b>Total Income</b>	<b>-57,946</b>
18,115	Employee benefits expenses	18,905
33,851	Other service expenses	32,015
2,323	Depreciation, amortisation, impairments and revaluations	4,842
277	Interest payable and similar charges	812
591	Net interest expense on the pension defined liability	630
-586	Costs from the disposal of non-current assets	-1,914
<b>54,571</b>	<b>Total Expenditure</b>	<b>55,291</b>
<b>6,703</b>	<b>Surplus (-) or Deficit (+) on the Provision of Services</b>	<b>-2,655</b>

2021/22 £'000	Fees and Charges by Committee	2022/23 £'000
-1,768	Infrastructure Housing and Economic Development	-2,369
-3,815	Leisure, Environment and Communities	-4,628
-6,137	Policy and Resources	-6,636
<b>-11,719</b>	<b>Total Fees and Charges</b>	<b>-13,634</b>

**11. Other Operating Expenditure**

	2021/22	2022/23
<b>Other Operating Expenditure</b>	<b>£'000</b>	<b>£'000</b>
Capital Receipts	-705	-2,078
Disposal costs charged against capital receipts	0	0
Net Capital Receipts	-705	-2,078
Other Receipts	0	0
<b>Total Receipts</b>	<b>-705</b>	<b>-2,078</b>
Carrying value of non-current assets derecognised	119	164
Disposal costs charged to the General Fund	0	0
<b>Total Disposal costs</b>	<b>119</b>	<b>164</b>
<b>Other Operating Expenditure</b>	<b>-586</b>	<b>-1,914</b>
Adjustments between accounting basis and funding basis	586	1,914
<b>Net Charge to the General Fund</b>	<b>0</b>	<b>0</b>

**12. Financing and Investment Income and Expenditure**

	2021/22	2022/23
<b>Financing and Investment Income and Expenditure</b>	<b>£'000</b>	<b>£'000</b>
Interest payable and similar charges	271	812
Gain or Loss on the valuation of pooled investment funds	6	-50
Interest receivable and similar income	-876	-1,014
Income and Expenditure in relation to investment properties	-667	1,324
Change in fair value of investment properties	1,548	93
Net pensions interest expense	591	630
Dividends	-50	-58
<b>Financing and Investment Income and Expenditure</b>	<b>822</b>	<b>1,738</b>
Adjustments between accounting basis and funding basis	-2,144	-673
<b>Net Charge to the General Fund</b>	<b>-1,322</b>	<b>1,065</b>

**13. Taxation and Non Specific Grant Income**

	2021/22	2022/23
<b>Taxation &amp; Non Specific Grant Income</b>	<b>£'000</b>	<b>£'000</b>
Council Tax Income	-9,262	-9,567
Non Domestic Rates	-1,298	-1,086
Non Ringfenced Government Grants	-2,519	-5,181
Capital Grants and Contributions	-2,360	-4,135
<b>Total</b>	<b>-15,439</b>	<b>-19,969</b>



## 14. Members Allowances

The Local Authorities (Members' Allowances) (England) Regulations 2003 provide for the circumstances in which allowances are payable to members and the maximum amounts payable in respect of certain allowances.

Further information on Members' Allowances can be obtained from the Council's Democratic Services section.

	2021/22	2022/23
Members' Allowances	£'000	£'000
Allowances	276	275
Expenses (Travel & Subsistence)	2	3
<b>Total</b>	<b>278</b>	<b>278</b>

## 15. Audit Fee

	2021/22	2022/23
Audit and Inspection Fees	£'000	£'000
Code of Practice Audit Work	35	35
Other Fees for Prior Years	0	0
Fees payable for other services provided during the year	0	0
<b>Total</b>	<b>35</b>	<b>35</b>

## 16. Senior Officer Remuneration

Table 16a:

Band	Number of Employees	
	2021/22	2022/23
£		
50,000-54,999	10	6
55,000-59,999	7	15
60,000-64,999	8	5
65,000-69,999	0	2
70,000-74,999	2	4
75,000-79,999	4	3
80,000-84,999	1	0
85,000-89,999	2	1
90,000-94,999	1	2
95,000-99,999	1	0
100,000-104,999	1	1
110,000-114,999	1	1
115,000-119,999	1	1
130,000-134,999	1	0
135,000-139,999	0	1
160,000-164,999	0	1
220,000-224,999	0	1
<b>Total</b>	<b>40</b>	<b>44</b>

The Council is required to disclose the number of employees in the accounting period whose remuneration was £50,000 or more, grouped in bands of £5,000.

For completeness, the Council has included the senior officers' remuneration (excluding pensions), disclosed in table 16b.

The Director of Finance is the statutory Chief Finance Officer (S151) and is a shared post with Watford Borough Council and is recharged to Watford Borough Council on a 50:50 basis. Three Rivers District Council is the lead authority for the arrangement and as such the full cost is shown in the Three Rivers District Council accounts.

The following tables provide additional detail for senior officers' remuneration where salary for the establishment post falls between £50,000 and £150,000.

**Table 16b:**

<b>2022/23</b>				
<b>Post Holder Information</b>	<b>Salary (Including Fees &amp; Allowances)</b>	<b>Employers Pension Contribution</b>	<b>Contributions to (+) from (-) Watford Borough Council</b>	<b>Cost to Three Rivers District Council</b>
	<b>£</b>	<b>£</b>		<b>£</b>
Chief Executive	137,179	26,115		<b>163,294</b>
Deputy Chief Executive (left March 2023)**	104,658	18,812		<b>123,469</b>
Section 151 Officer*	93,209	16,739	-61,164	<b>48,784</b>
Executive Head of Services	75,021	10,181		<b>85,202</b>
Solicitor to the Council (April 2022)	9,512	323		<b>9,835</b>
Solicitor to the Council (April 2022 - March 2023) - Agency Staff	160,427	0		<b>160,427</b>
Head of Electoral Services - Agency Staff	222,588	0		<b>222,588</b>
Executive Head of HR and Organisational Development (April 2022 - July 2022)*	0	0	7,525	<b>7,525</b>
Executive Group Head of HR (August 2022 - March 2023)*	0	0	34,421	<b>34,421</b>
<b>Total</b>	<b>802,594</b>	<b>72,170</b>	<b>-19,218</b>	<b>855,546</b>

\* Shared Service Staff

\*\* Role not replaced

<b>2021/22</b>			
<b>Post Holder Information</b>	<b>Salary (Including Fees &amp; Allowances)</b>	<b>Employers Pension Contribution</b>	<b>Cost to Three Rivers District Council</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Chief Executive - Joanne Wagstaffe	133,429	25,969	<b>159,398</b>
Deputy Chief Executive	104,906	18,867	<b>123,773</b>
Director of Finance (Section 151 Officer)	88,451	15,873	<b>104,324</b>
Solicitor to the Council (Monitoring Officer)	76,924	14,000	<b>90,924</b>
<b>Total</b>	<b>403,710</b>	<b>74,710</b>	<b>478,419</b>

## 17. Exit Packages

Exit packages Band (£)	2021/22			2022/23		
	Compulsory No.	Other No.	Total No.	Compulsory No.	Other No.	Total No.
0 - 19,999	0	2	2	0	1	1
20,000 - 39,999	0	0	0	0	1	1
<b>Total</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>2</b>
Add new provisions created						
Less amounts provided for in previous year						
Add unused amount of previous year's provision						
Adjust for differences between payments and accruals						
<b>Total cost of exit packages in the Comprehensive Income and Expenditure Statement</b>						

48

20

## 18. Grants

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2022/23:

Grant issuing body	Credited to Taxation and Non Specific Grant Income	2021/22	2022/23	Credited to Services	2021/22	2022/23
		£'000	£'000		£'000	£'000
Department for Levelling Up, Housing and Communities	Business Rate - Section 31 Grant	-2,120	2,741	Local Council Tax Scheme Admin Grant	78	73
	Lower Tier Support Grant	122	91	Homelessness	375	551
	New Homes Bonus	191	220	Shared Prosperity Fund	0	90
	Services Grant	0	138	New Burdens Funding	0	35
	COVID 19 Business Rate Reliefs Grant	3,034	2,006			
	Taxation Income Guarantee Scheme	210	0			
	Council Tax Hardship Fund	0	0			
	Council Tax Support	119	0			
	COVID-19 Income Guarantee Scheme	534	-47			
	COVID-19 Emergency Funding	390	0			
	Department for Business, Energy & Industrial Strategy			Council Tax Rebate Grant – Discretionary	0	137
			Additional Restrictions Grant	893	0	
			Green Homes Grant	384	1,373	
			Decarbonisation Fund	0	808	
			New Burdens Funding	297	12	
			Welcome Back Fund	0	90	
			Other COVID-19 Grants	523	0	
			Housing Benefit Grant	14,146	13,474	
			Rent Rebate Subsidy	393	468	
			Benefit Admin Grant	179	202	
Department for Work and Pensions			Other Revenue Grants	725	540	
			Capital Grants	0	0	
Various	Other Revenue Grants	39	31			
Various	Capital Grants	1,624	3,502			
Various	Developer Contributions	736	633			
<b>All Grants</b>	<b>Total</b>	<b>4,879</b>	<b>9,315</b>	<b>Total</b>	<b>17,994</b>	<b>17,855</b>

## 19. Defined Benefit Pension Scheme

### Participation in Pension Scheme

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme administered locally by Hertfordshire County Council. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets. The pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of HCC. Policy is determined in accordance with the Local Government Pension Scheme Regulations 2013. The investment managers of the fund are appointed by the Investment sub-committee of HCC and consist of the fifteen Investment Fund Managers.

Principal risks of the scheme for the Council are longevity assumptions, statutory and structural scheme changes, changes to inflation, bond yields and performance of the scheme's equity investments. The Council has taken into account the impact of the McCloud Judgement and the Guaranteed Minimum Pensions equalisation on future liabilities arising from the defined benefit pension scheme.

### Transactions relating to Retirement Benefits

The Council recognises the cost of retirement benefits in the reported 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 post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Account and the General Fund Balance via the Movement in Reserves Statement during the year:-

Pension Fund Comprehensive Income and Expenditure Statement	Local Government Pension Scheme	
	2021/22	2022/23
	£'000	£'000
<b>Cost of Services</b>		
Current Service Cost	4,939	4,832
Past Service Costs	0	106
(Gain) / Loss from settlements	0	0
Administration Expenses	0	0
<b>Financing and Investment Income &amp; Expenditure</b>		
Net Interest Expense	591	630
<b>Surplus / Deficit on the Provision of Services</b>	<b>5,530</b>	<b>5,568</b>
<b>Other Comprehensive Income and Expenditure</b>		
Return on plan assets	2,518	-10,197
Actuarial gains (-) and losses (+) from demographic assumptions	1,312	887
Actuarial gains (-) and losses (+) from financial assumptions	8,115	48,299
Experience gains (-) and losses (+)	-1,128	-7,753
Other actuarial gains (-) and losses (+)	-1,207	0
<b>Total retirement benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>15,140</b>	<b>36,804</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the Surplus/Deficit on the Provision of Services for retirement benefits in accordance with the code	-3,516	-3,328
<b>Actual amount charged against the General Fund Balance for pensions in the year</b>	<b>2,014</b>	<b>2,240</b>

### Pensions Assets and Liabilities Recognised in the Balance Sheet

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

Pension Liability	2021/22	2022/23
	£'000	£'000
Present value of the defined benefit pension obligation	-131,229	-95,493
Fair value of the plan assets	109,216	101,388
<b>Total Net Liabilities</b>	<b>-22,013</b>	<b>5,895</b>

## Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

Assets at Fair Value	Local Government Pension Scheme	
	2021/22	2022/23
	£'000	£'000
<b>Opening Balance at 1 April</b>	<b>106,489</b>	<b>109,216</b>
Interest Income	2,121	2,939
Return on plan assets	2,518	-10,197
Other actuarial gains and losses	-1,207	0
Employer Contributions	2,014	2,240
Contributions by scheme participants	671	720
Benefits Paid	-3,390	-3,530
Settlements received / (paid)	0	0
<b>Closing balance at 31 March</b>	<b>109,216</b>	<b>101,388</b>

## Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

Liabilities	Local Government Pension Scheme	
	2021/22	2022/23
	£'000	£'000
<b>Opening Balance at 1 April</b>	<b>-134,596</b>	<b>-131,229</b>
Current Service Cost	-4,939	-4,832
Interest Expense	-2,712	-3,569
Contributions by scheme participants	-671	-720
Actuarial gains and losses - demographic assumptions	1,312	887
Actuarial gains and losses - financial assumptions	8,115	48,299
Experience gains and losses	-1,128	-7,753
Other actuarial gains and losses	0	0
Benefits Paid	3,390	3,530
Past Service Costs	0	-106
(Gain) / Loss from settlements	0	0
<b>Closing balance at 31 March</b>	<b>-131,229</b>	<b>-95,493</b>



## Local Government Pension Scheme assets comprised:

Assets	As at 31 March 2022			As at 31 March 2023		
	£'000	£'000	%	£'000	£'000	%
<b>Equities</b>						
Consumer	1,557			1,559		
Manufacturing	517			855		
Energy and Utilities	0			0		
Financial Institutions	600			582		
Health and Care	944			849		
Information and Technology	1,987			1,881		
Other	0			0		
		5,604	5%		5,726	6%
<b>Debt Securities</b>						
UK Government	8,013			4,230		
Other	2,865			2,722		
		10,879	10%		6,952	7%
<b>Property</b>						
UK Property	8,479			7,499		
Overseas Property	6,514			5,794		
		14,993	14%		13,293	13%
<b>Derivatives (quoted in an active market)</b>						
Foreign exchange	-57			149		
		-57	0%		149	0%
<b>Cash and cash equivalents</b>						
Cash	6,391			6,814		
		6,391	6%		6,814	7%
<b>Private Equity</b>						
All	7,981			8,978		
		7,981	7%		8,978	9%
<b>Investment Funds and Unit Trusts</b>						
Equities	40,144			38,205		
Infrastructure	67			117		
Bonds	16,202			14,208		
Other	7,417			6,948		
		63,830	58%		59,478	59%
<b>Total</b>		<b>109,620</b>	<b>100%</b>		<b>101,390</b>	<b>100%</b>

## 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 Local Government Pension Scheme has been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2019.

The significant assumptions used by the actuary have been:

<b>Local Government Pension Scheme</b>		
	<b>2021/22</b>	<b>2022/23</b>
<b>Longevity Assumptions:</b>		
<b>Men:</b>		
Longevity from 65 (currently aged 65) (yrs)	22.1	21.7
Longevity from 65 (currently aged 45) (yrs)	22.9	22.3
<b>Women:</b>		
Longevity from 65 (currently aged 65) (yrs)	24.7	24.4
Longevity from 65 (currently aged 45) (yrs)	26.1	25.9
<b>Financial Assumptions:</b>		
Consumer Price Index (CPI) increases	3.20%	2.85%
Rate of increases in salaries	3.70%	3.45%
Rate of increases in pensions and deferred pensions	3.20%	2.95%
Rate for discounting scheme liabilities	2.70%	4.75%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes whilst all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

## Impact on the Defined Benefit Obligation in the Scheme

	Local Government Pension Scheme (funded)	
	Approximate % increase to Employer Liability	Approximate monetary amount (£'000)
0.1% decrease in Real Discount Rate	2%	1,613
0.1% increase in Pension Increase Rate	2%	1,491
0.1% increase in Salary Increase Rate	0%	147
1 year increase in member life expectancy	4%	3,820

## Information about the Defined benefit obligation

Funding levels are monitored on an annual basis, and the latest triennial review is based on 31 March 2019 data. The fund liability may go up or down based on this review, and a sensitivity analysis is set out within this note under "impact on the defined benefit obligation in the scheme". The total value of contributions expected to be made by the Council in 2023/24 is £2.053m.

## 20. Joint Operations

The Council is party to the West Herts Crematorium Joint Committee under the Local Government Act 2000.

## 21. Partnership Working

From April 2009 to March 2014, Three Rivers District Council and Watford Borough Council had been participating in shared services, provided by a Joint Shared Services Committee. From April 2014, the Governance arrangements changed with the Council being the lead authority for the provision of Revenue & Benefits and Finance Services.

The table below shows the net expenditure of the 5 shared services (4 when Tax and Benefits are considered as one) and the charge to each authority of which Three Rivers District Council's share was £2.815m in 2022/23 (£2.912m 2021/22).

2021/22		2022/23		Total Shared Services £'000
		Provided by TRDC £'000	Provided by WBC £'000	
<b>Total Cost</b>				
<b>£'000</b>				
	<b>Services</b>			
1,841	Local Tax Collection	1,712		1,712
1,732	Housing Benefits	1,728		1,728
1,532	Finance	1,458		1,458
784	Human Resources		814	814
1,395	ICT		1,433	1,433
<b>7,284</b>	<b>Total Expenditure</b>	<b>4,899</b>	<b>2,247</b>	<b>7,146</b>
<b>2,912</b>	<b>Paid by Three Rivers District Council</b>	<b>1,996</b>	<b>819</b>	<b>2,815</b>
<b>4,372</b>	<b>Paid by Watford Borough Council</b>	<b>2,903</b>	<b>1,428</b>	<b>4,331</b>

## 22. Related Parties

The authority 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 secured the ability to limit another party's ability to bargain freely with the authority.

### Central Government

Central government has significant influence over the general operations of the authority – it is responsible for providing the statutory framework within which the authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the authority has with other parties (eg council tax bills, housing benefits).

### Senior Officers

No Senior Officers have had material transactions with a third party.

### Elected Members

No Elected Members have had material transactions with a third party.

### Entities controlled or significantly influenced by the authority

Three Rivers Commercial Services is a wholly owned subsidiary of the Council. This entity holds a 50% share of Three Rivers Housing Developments LLP.

The Chief Executive and Director of Finance are both Directors for Three Rivers Commercial Services Ltd. The Chief Executive of the Council is a Director for Three Rivers Housing Developments LLP.

The Council owns a 50% share of Three Rivers Homes Limited. The Chief Executive and Director of Finance are both directors for Three Rivers Homes Limited.

The Director of Finance is a director for Broste Rivers Group, in which the council has a 12.5% stake.

The Chief Executive is the Honorary Treasurer for West Herts Crematorium. An Agreement existing between neighbouring authorities (Hertsmere, St Albans, Dacorum, Three Rivers & Watford) to constitute a Joint Committee under the Local Government Act 2000. In 2022/23, Three Rivers received a contribution of £50,000 (2021/22 £50,000).

### Key Management – Agency Staff

The role of Solicitor to the Council was filled on an interim basis by an agency worker. Fees of £160,427 were paid to the agency for their services during 2022/23.

The role of Head of Electoral Services was filled on an interim basis by an agency worker. Fees of £222,588 were paid to the agency for their services during 2022/23

## 23. Movement in the value of Property, Plant and Equipment

2022/23	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation as at 1 April</b>	<b>83,246</b>	<b>9,690</b>	<b>586</b>	<b>1,424</b>	<b>0</b>	<b>2,361</b>	<b>97,307</b>
Additions	596	4,086	0	0	0	454	5,137
Donation	0	0	0	0	0	0	0
Revaluation increases (decreases) recognised in the Revaluation Reserve	15,210	0	0	0	0	0	15,210
Revaluation increases (decreases) recognised in the Surplus / Deficit on the Provision of Services	-1,897	-192	0	0	0	0	-2,089
Derecognition - disposals	-166	-466	0	0	0	0	-632
Derecognition - other	0	0	0	0	0	0	0
Assets reclassified	3,141	0	0	0	0	0	3,141
Other movements in cost or valuation	0	0	0	0	0	0	0
<b>Cost or valuation as at 31 March</b>	<b>100,130</b>	<b>13,119</b>	<b>586</b>	<b>1,424</b>	<b>0</b>	<b>2,815</b>	<b>118,074</b>
<b>Depreciation and Impairment as at 1 April</b>	<b>-3,474</b>	<b>-5,112</b>	<b>-321</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-8,907</b>
Depreciation charge	-1,427	-1,207	-74	0	0	0	-2,707
Depreciation and impairment written out to the Revaluation Reserve	1,871	0	0	0	0	0	1,871
Depreciation and impairment written out to the Surplus / Deficit on Provision of Services	0	0	0	0	0	0	0
Impairment losses / (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses / (reversals) recognised in the Surplus / Deficit on Provision of Services	0	0	0	0	0	0	0
Derecognition - disposals	2	466	0	0	0	0	468
Derecognition - other	0	0	0	0	0	0	0
Assets reclassified	0	0	0	0	0	0	0
Other movements in depreciation and impairment	0	0	0	0	0	0	0
<b>Depreciation and impairment as at 31 March</b>	<b>-3,028</b>	<b>-5,853</b>	<b>-395</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-9,276</b>
<b>Net book Value at 31 March 2022</b>	<b>79,772</b>	<b>4,578</b>	<b>264</b>	<b>1,424</b>	<b>0</b>	<b>2,361</b>	<b>88,400</b>
<b>Net book Value at 31 March 2023</b>	<b>97,103</b>	<b>7,266</b>	<b>190</b>	<b>1,424</b>	<b>0</b>	<b>2,815</b>	<b>108,798</b>

2021/22	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation as at 1 April</b>	<b>61,319</b>	<b>10,532</b>	<b>850</b>	<b>1,424</b>	<b>0</b>	<b>9,870</b>	<b>83,995</b>
Additions	564	734	41	0	0	1,345	2,685
Donation	0	0	0	0	0	0	0
Revaluation increases (decreases) recognised in the Revaluation Reserve	12,450	0	0	0	0	0	12,450
Revaluation increases (decreases) recognised in the Surplus / Deficit on the Provision of Services	172	-106	0	0	0	0	65
Derecognition - disposals	-114	-38	0	0	0	0	-152
Derecognition - other	0	-1,431	-306	0	0	0	-1,737
Assets reclassified	8,854	0	0	0	0	-8,854	0
Other movements in cost or valuation	0	0	0	0	0	0	0
<b>Cost or valuation as at 31 March</b>	<b>83,246</b>	<b>9,690</b>	<b>586</b>	<b>1,424</b>	<b>0</b>	<b>2,361</b>	<b>97,307</b>
<b>Depreciation and Impairment as at 1 April</b>	<b>-2,557</b>	<b>-5,369</b>	<b>-565</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-13,684</b>
Depreciation charge	-1,062	-1,207	-62	0	0	0	-2,331
Depreciation and impairment written out to the Revaluation Reserve	145	0	0	0	0	0	145
Depreciation and impairment written out to the Surplus / Deficit on Provision of Services	0	0	0	0	0	0	0
Impairment losses / (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses / (reversals) recognised in the Surplus / Deficit on Provision of Services	0	0	0	0	0	0	0
Derecognition - disposals	0	33	0	0	0	0	33
Derecognition - other	0	1,431	306	0	0	0	1,737
Assets reclassified	0	0	0	0	0	0	0
Other movements in depreciation and impairment	0	0	0	0	0	0	0
<b>Depreciation and impairment as at 31 March</b>	<b>-3,474</b>	<b>-5,112</b>	<b>-321</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-8,907</b>
<b>Net book Value at 31 March 2011</b>	<b>58,762</b>	<b>5,163</b>	<b>285</b>	<b>1,424</b>	<b>0</b>	<b>9,870</b>	<b>75,504</b>
<b>Net book Value at 31 March 2022</b>	<b>79,772</b>	<b>4,578</b>	<b>264</b>	<b>1,424</b>	<b>0</b>	<b>2,361</b>	<b>88,400</b>

## Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Wilks, Head & Eve LLP undertook valuations on behalf of the Council in 2019/20 in relation to Operational and Investment Properties and the basis of valuations is in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. All assets have been valued individually, with the final statements of account reconciled to the valuation certificates. The basis of valuing individual classes of assets owned by the Council is detailed in the Statement of Accounting Policies at Note 1.

The following table illustrates the scope of the revaluation work undertaken and demonstrates the Council's rolling revaluation programme. The Council undertakes an impairment review at the year end and any asset which has had a material gain or loss in value during the year is adjusted. Therefore, the Council believes that the prior year valuations are still appropriate.

### Information about Depreciation Methodologies

Depreciation has been provided for all assets with a finite useful life. The basis for depreciating assets is detailed in the Statement of Accounting Policies (Note 2.15). Depreciation commences in the year following acquisition. Freehold land, Investment Properties, Assets under construction, Surplus Assets and Heritage Assets are not depreciated.

## 24. Movement in the value of Heritage Assets

The Council's Heritage Assets are reported in the Balance Sheet at insurance valuations which are based on market values. These insurance values are reviewed and updated as part of the rolling 5 year programme. The Council has a rolling programme of repair and restoration of its heritage assets and regularly reviews the conditions of its assets. The Council keeps a register of all its Heritage Assets and records the nature, condition and location of each asset.

2021/22		2022/23			
Total		Musical	Works	Civic	Total
£'000		Instrument	of Art	Regalia	£'000
		£'000	£'000	£'000	£'000
146	Valuation at 1 April	90	41	15	146
0	Revaluation increases / decreases recognised in year	0	0	0	0
<b>146</b>	<b>Valuation at 31 March</b>	<b>90</b>	<b>41</b>	<b>15</b>	<b>146</b>



## 25. Movement in the value of Investment Properties

	2021/22	2022/23
Investment Properties	£'000	£'000
<b>Opening Balance at 1 April</b>	<b>10,495</b>	<b>8,988</b>
Additions	40	7,950
Derecognition	0	0
Net gain (+) / losses from fair value adjustments	-1,548	-93
Assets reclassified to / from Investment Properties	0	-3,141
Other changes	0	0
<b>Closing balance at 31 March</b>	<b>8,988</b>	<b>13,704</b>

### Fair Value Hierarchy

All the Council's investment property portfolio has been assessed as Level 2 for valuation purposes.

### Valuation Techniques Used to Determine Level 2 Fair Values for Investment Properties

The fair value of investment property has been measured using the Investment Method of Valuation. The valuers have used a desktop valuation relying on data provided by Avison Young, the Council's managing agents. Valuations have taken account of the following factors: existing lease terms and rentals taken from the tenancy schedule, independent research into market evidence including Market rentals and yields, and then adjusted to reflect the nature of each business tenancy or void and the covenant strength for existing tenants.

There were no changes the valuation techniques used during the year for Investment Properties and Surplus Assets.

### Highest and Best Use of Investment Properties

In estimating the fair value of the Authority's investment properties, the highest and best use of the properties is deemed to be their current use.

### Valuers

The investment property portfolio has been valued at 31 March 2023 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution for Chartered Surveyors. The assets were valued by Avison Young, as the Council's valuing agents.

## 26. Movement in the value of Intangible Assets

	2021/22	2022/23
	£'000	£'000
Expenditure on Software Licences	58	46
Written out in year of acquisition	-58	-46
<b>Net Book Value at 31 March</b>	<b>0</b>	<b>0</b>

## 27. Capital Expenditure, Financing and Commitments

The total amount of capital expenditure incurred in the year is shown in the table below, 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 (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed below.

Capital Financing	2021/22 £'000	2022/23 £'000
<b>Capital Financing Requirement as at 1 April</b>	<b>43,321</b>	<b>29,270</b>
<b>Capital Investment:</b>		
Property, Plant and Equipment	1,298	4,682
Assets under construction	1,345	454
Infrastructure Assets	41	0
Intangible Assets	58	46
Revenue Expenditure Funded from Capital Under Statute	875	1,434
Surplus Assets	0	0
Investment Properties	40	7,950
Long Term Debtors	0	0
	3,657	14,566
<b>Sources of Finance:</b>		
Capital receipts	-6,787	-6,670
Government Grants and Other Contributions (including S106)	-597	-1,806
Capital Expenditure funded from the Revenue Account	-2,136	-2,360
Repayment of loans treated as capital receipts	-8,020	-20
Minimum Revenue Provision	-168	-188
	-17,708	-11,044
<b>Increase (+) / decrease (-) in Capital Financing Requirement</b>	<b>-14,051</b>	<b>3,522</b>
<b>Capital Financing Requirement at 31 March</b>	<b>29,270</b>	<b>32,792</b>

## 28. Leases

### Authority as Lessee

The Council has acquired a hotel and hospitality units in Wimbledon under a Finance Lease. This asset is carried as an Investment Property in the balance sheet at the following amounts:

Council as Lessee - Carrying Amounts of Asset	2021/22 £'000	2022/23 £'000
27 - 30 Hartfield Road, SW19 3SG	0	7,950
<b>Total</b>	<b>0</b>	<b>7,950</b>

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

<b>Council as Lessee - Finance Lease Liabilities</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Current	0	0
Non-Current	0	7,949
Future Years Finance Costs	0	63,930
<b>Total commitments</b>	<b>0</b>	<b>71,879</b>

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

<b>Council as Lessee - Minimum Lease Payments</b>	<b>2021/22</b>		<b>2022/23</b>	
	<b>Finance Lease Liability</b>	<b>Minimum Lease Payments</b>	<b>Finance Lease Liability</b>	<b>Minimum Lease Payments</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within 1 year	-	-	0	1,450
Within 2nd - 5th years	-	-	2	5,800
6th year and beyond	-	-	7,947	64,630
<b>Total commitments</b>	<b>-</b>	<b>-</b>	<b>7,949</b>	<b>71,880</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. Contingent rents were nil in 2022/23.

### Finance Leases – The Council as a Lessor

As part of the South Oxhey Initiative regeneration scheme, the Council has granted long-term leases of 250 years from the lease date to Countryside Properties. The authority has a gross investment in the lease made up of the minimum lease payments expected to be received over the remaining term. There is no residual value anticipated for the properties when the leases come to an end. The Council received Lease Premiums from the lessee and will receive ground rent over the life of the lease.

The Premiums received for the leases makes up substantially all of the value of the interest in the property, with the value of the ground rents receivable being immaterial for recognition. Consequently, the Council has chosen to make a limited disclosure in this area as there is no lease debtor to recognise.

### Operating Leases – The council as Lessor

The Council leases out property under operating leases for the following purposes:

- For the provision of community services, such as sports facilities and community centres
- For economic development purposes to provide suitable accommodation for local businesses

The future minimum leases payments receivable are:

Council as Lessor - Operational	2021/22		2022/23	
	Land and buildings £'000	Total £'000	Land and buildings £'000	Total £'000
<b>Future Minimum leases payments receivable:</b>				
Within 1 year	1,053	<b>1,053</b>	3,040	<b>3,040</b>
Within 2nd - 5th years	3,817	<b>3,817</b>	11,838	<b>11,838</b>
6th year and beyond	10,395	<b>10,395</b>	44,904	<b>44,904</b>
<b>Total:</b>	<b>15,265</b>	<b>15,265</b>	<b>59,782</b>	<b>59,782</b>

## 29. Long Term Debtors

Long term debtors are debtors which fall due after a period of at least one year.

	At 31 March 2022 £'000	At 31 March 2023 £'000
Charges to Registered Properties	16	16
Loan - Grapevine	4,185	4,185
Loan - Bury Lake Young Mariners Base	935	915
Loan - Puckeridge	0	0
Loan - Thrive Homes	0	0
Building Control	107	107
Finance Lease Receivables	11,618	5,432
<b>Total</b>	<b>16,860</b>	<b>10,655</b>

## 30. Short-Term Debtors

	At 31 March 2022 £'000	At 31 March 2023 £'000
Government Departments	429	560
Other Local Authorities	585	1,317
Health Authorities	0	0
Payments in Advance	493	3,982
Bodies external to general government (i.e. all other bodies)	5,665	4,778
	<b>7,173</b>	<b>10,637</b>
Less Impairment Allowance Account	-2,418	-2,364
<b>Total</b>	<b>4,755</b>	<b>8,274</b>

**31. Creditors**

	At 31 March 2022 £'000	At 31 March 2023 £'000
<b>Receipts in Advance</b>		
Government Departments	-6,008	-3,116
Other Local Authorities	0	0
Health Authorities	0	0
Other Entities & Individuals	-8,089	-3,130
	<b>-14,097</b>	<b>-6,246</b>
<b>Creditors</b>		
Government Departments	-4,226	-3,182
Other Local Authorities	-1,748	-3,531
Health Authorities	0	0
Other Entities & Individuals	-2,631	-418
	<b>-8,605</b>	<b>-7,132</b>
<b>Short Term Creditors and RIA</b>	<b>-22,702</b>	<b>-13,378</b>
<b>Long Term Receipts in Advance</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>-22,702</b>	<b>-13,378</b>

**32. Cash and Cash Equivalents**

	As at 31 March 2022 £'000	As at 31 March 2023 £'000
Cash at bank and in hand(+)/Overdrawn (-)	8,853	2,696
<b>Total</b>	<b>8,853</b>	<b>2,696</b>

**33. Short Term Investments**

	As at 31 March 2022 £'000	As at 31 March 2023 £'000
Royal London Asset Management Cash Plus Fund	2,347	2,397
Short Term Deposits	13,000	18,285
<b>Total</b>	<b>15,347</b>	<b>20,682</b>

### 34. Financial Instruments

#### Financial Instruments Carrying Value

As at 31st March 2022			As at 31st March 2023		
Short Term	Long Term	Financial Assets	Short Term	Long Term	
£000	£000		£000	£000	
<b>Carried at Amortised Cost</b>					
8,853	0	Cash and Cash Equivalents	2,696	0	
4,262	5,243	Debtors	4,292	5,223	
13,000	0	Investments	18,285	0	
<b>26,115</b>	<b>5,243</b>	<b>Total at Amortised Cost</b>	<b>25,273</b>	<b>5,223</b>	
<b>Carried at Fair Value through Profit &amp; Loss</b>					
2,347	511	Investments	2,397	511	
<b>2,347</b>	<b>511</b>	<b>Total at Fair Value through Profit and Loss</b>	<b>2,397</b>	<b>511</b>	
493	0	Non-Financial Assets*	3,982	0	
<b>28,955</b>	<b>5,754</b>	<b>Total</b>	<b>31,652</b>	<b>5,734</b>	
<b>Financial Liabilities</b>					
As at 31st March 2022			As at 31st March 2023		
Short Term	Long Term	Financial Liabilities	Short Term	Long Term	
£000	£000		£000	£000	
<b>Carried at Amortised Cost</b>					
-9	-8,000	Borrowing	-9	-8,000	
-8,606	0	Creditors	-7,131	0	
<b>-8,615</b>	<b>-8,000</b>	<b>Total at Amortised Cost</b>	<b>-7,140</b>	<b>-8,000</b>	
-14,097	-41	Non-Financial Liabilities*	-6,246	-6	
<b>-22,711</b>	<b>-8,041</b>	<b>Total</b>	<b>-13,387</b>	<b>-8,006</b>	

## Financial Instruments – Income, Expenses, Gains or Losses

2021/22 Financial Liabilities		2021/22 Financial Assets				2022/23 Financial Liabilities		2022/23 Financial Assets			
Liabilities at amortised cost £'000	Assets at amortised cost £'000	Assets at fair value through Other Comprehensive Income £'000	Assets at fair value through profit and loss £'000	Total £'000		Liabilities at amortised cost £'000	Assets at amortised cost £'000	Assets at fair value through Other Comprehensive Income £'000	Assets at fair value through profit and loss £'000	Total £'000	
271	0	0	0	271	Interest Expense	812			0	812	
0	0	0	6	6	Decreases in fair value				0	0	
0	0	0	0	0	Losses on Derecognition					0	
0	0	0	0	0	Impairment Losses		0		0	0	
0	0	0	0	0	Fee expense			0	0	0	
					<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>812</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>812</b>	
<b>271</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>277</b>							
0	-876	0	0	0	Interest Income		-1,014		0	0	
0	0	0	0	-876	Interest income accrued on impaired financial assets					-1,014	
0	0	0	0	0	Increases in fair value			0	-50	-50	
0	0	0	0	0	Gains on derecognition			0	0	0	
0	-50	0	0	-50	Dividend Income		-58			-58	
					<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>-1,072</b>	<b>0</b>	<b>-50</b>	<b>-1,122</b>	
<b>0</b>	<b>-926</b>	<b>0</b>	<b>0</b>	<b>-926</b>							
					<b>Net gain (-) / loss (+) for the year</b>					<b>-309</b>	
				<b>-649</b>							



## 35. Disclosure of Nature and Extent of Risk Arising from Financial Instruments

### Financial Instruments – Carrying Values

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at Amortised Cost. Their Fair Value can be assessed by calculating the Present Value of the cashflows that will take place over the remaining term of the instruments using the following assumptions.

- Where an instrument will mature in the next 12 months, the carrying amount is assumed to be the approximate Fair Value.
- The 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.

The Balance Sheet includes the following financial instruments:

- Creditors
- Debtors
- Cash and Cash Equivalents
- Investments carried at Amortised Cost
- Investments carried at Fair Value through Profit and Loss
- Finance Leases

### Disclosure of Nature and Extent of Risks arising from Financial Instruments

Long term debtors comprise loans and finance leases. Short term creditors and debtors arise from charges to and from the Council for goods and services, and short-term investments are those made in cash for less than twelve months. These instruments are carried on the balance sheet at amortised cost, which represents their fair value.

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

- **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 movements
- **Credit risk:** the possibility that other parties might fail to pay amounts due to the Council

### Liquidity Risk

This is the possibility that the Council might not have funds available to meet its commitments to make payments. The Council manages its liquidity position through stringent risk management procedures (the setting and approval of Prudential Indicators and the approval of Treasury and Investment Strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.

The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

### Market Risk

This is 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 adverse effects on the resources available to fund services. A Treasury Management Strategy is formally approved annually by the Council. This identifies all treasury risks and forms the basis of the day-to-day operating guidance applied by the Treasury Accountant when making decisions on placing any surplus funds (i.e. to whom, for how long, for how much, etc.).

### Credit Risk

Credit risk arises from deposits with banks and building societies as well as credit exposure to the Council's customers. The treasury policy at present allows the Council to invest with the main UK Banks and Building Societies, with a FITCH rating of F1 or higher, up to a maximum value of £5m with any one institution. Once again this evidences our prudent approach to lending of surplus funds.

Aged Debtors	At 31 March	At 31 March
	2022	2023
	£000	£000
Less than 3 months	252	604
Between 3 and 6 months	10	9
Between 6 month and 1 year	15	6
More than 1 year	140	51
<b>Total</b>	<b>417</b>	<b>670</b>

### Interest rate risk

The authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the surplus or deficit on the provision of services will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited to the surplus or deficit on the provision of services will rise
- investments at fixed rates – the fair value of the assets will fall

Following the sensitivity analysis showing a 1% increase in interest rates:

Amount at 31 March 2022	Sensitivity Analysis	Amount at 31 March 2023
£000		£000
242	Investments - 1% Increase	234
-80	Borrowings - 1% Increase	-170
<b>162</b>	<b>Net impact on CIES</b>	<b>64</b>

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

### 36. Provisions

Provisions are accumulated funds held where the Council has an obligation which is likely to lead to a payment but the exact amount and timing of the payment is unknown.

	Balance at 31 March 2022 £'000	Additional provisions made in 2022/23 £'000	Amounts used in 2022/23 £'000	Unused amounts reversed in 2022/23 £'000	Balance at 31 March 2023 £'000
Land Charges	-87	0	0	0	-87
MMI Insurance	0	0	0	0	0
Business Rates	-1,016	-346	0	1,016	-346
<b>Total</b>	<b>-1,103</b>	<b>-346</b>	<b>0</b>	<b>1,016</b>	<b>-434</b>

	Balance at 31 March 2021 £'000	Additional provisions made in 2021/22 £'000	Amounts used in 2021/22 £'000	Unused amounts reversed in 2021/22 £'000	Balance at 31 March 2022 £'000
Land Charges	-87	0	0	0	-87
MMI Insurance	0	0	0	0	0
Business Rates	-1,257	-513	755	0	-1,016
<b>Total</b>	<b>-1,344</b>	<b>-513</b>	<b>755</b>	<b>0</b>	<b>-1,103</b>

#### Land Charges

The Council is a defendant in proceedings brought by a group of property Search Companies for refunds of fees paid to the Council to access land charges data. It is possible that additional claimants may come forward to submit claims for refunds, but none have been initiated as present. The Council believes the provision of £87k is prudent.

#### NDR Appeals

The NNDR Appeals provision has arisen because of the change to the NNDR regime where the Council is now liable for any National Non Domestic Rates that are not collected. All business premises can appeal their valuation, set by the Valuation Office, which is used for setting the level of rates payable. Until the appeal is heard and decided a provision is estimated to cover the likely outcome.

### 37. Movement in Useable Reserves

	31 March 2022 £'000	31 March 2023 £'000
<b>Usable Reserves</b>		
General Fund	5,330	5,027
Earmarked Reserves	14,879	16,676
Useable Capital Receipts Reserve	192	1,823
Capital Grants and Contributions Reserve	8,560	10,868
<b>Total</b>	<b>28,961</b>	<b>34,395</b>

### 38. General Fund

The General Fund is the resources available to meet future running costs. The unallocated accumulated balances on the General Fund are set out below:

	2021/22 £'000	2022/23 £'000
<b>Balance at 1 April</b>	<b>5,177</b>	<b>5,330</b>
Net increase / decrease before transfers to Earmarked Reserves	-6,045	1,494
Transfer to / from Earmarked Reserves	6,199	-1,797
<b>Balance at 31 March</b>	<b>5,330</b>	<b>5,027</b>

### 39. Earmarked Reserves

This note sets out the amounts set aside from the General Funding earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2022/23.

For each reserve established the Council identifies:

- The reason/purpose of the reserve
- How and when the reserve can be used
- Procedures for the management and control of the reserve

A process and timescale for review to ensure continuing relevance and adequacy.

Reserve	Purpose
S106 Agreements & Commuted Sums	Receipts generated from development agreements to provide community Infrastructure
Community Infrastructure Levy	Funding from developers undertaking new building projects, to be used on infrastructure needed as a result of development.
Future Capital Expenditure	To fund key capital projects.
New Homes Bonus Reserve	Government Grant received in respect of new homes built to support community infrastructure
Leavesden Hospital Open Space	To maintain Open Space.
Environmental Maintenance Plant	To support improvement and purchase of environmental plant.
Economic Impact	To fund key future projects and resource equalisation in response to changed economic conditions
High Street Innovation Fund	To support the regeneration of High Streets.
NNDR Collection Fund	Equalisation fund re fluctuations due to timing differences in the collection fund

	Balance at 31 March 2021 £'000	In year movement 2021/22 £'000	Balance at 31 March 2022 £'000	In year movement 2022/23 £'000	Balance at 31 March 2023 £'000
Section 106 Commuted Sums	-1,550	182	-1,368	362	-1,006
Future Capital Expenditure	-158	0	-158	0	-158
New Homes Bonus	-4,144	2,067	-2,077	1,854	-223
Building Control	-302	-16	-318	-32	-350
Leavesden Hospital Open Space	-769	0	-769	0	-769
Environmental Maintenance Plant	-92	0	-92	0	-92
Economic Impact	-1,803	-401	-2,204	491	-1,713
High Street Innovation Fund	0	0	0	0	0
NNDR Collection Fund	-5,622	2,310	-3,312	262	-3,050
Benefits equalisation	-501	263	-238	159	-79
Commercial Reserve	-3,018	-312	-3,330	-4,662	-7,992
Grants and Contributions	-3,122	2,107	-1,015	-230	-1,245
<b>Total Earmarked Reserves</b>	<b>-21,078</b>	<b>6,199</b>	<b>-14,879</b>	<b>-1,797</b>	<b>-16,676</b>

#### 40. Capital Receipts Reserve

The Usable Capital Receipts Reserve holds capital receipts from the sale of assets which have been received and have not yet been used to finance capital expenditure. The balance on the Reserve is held to fund future years' expenditure in the approved Capital Budget.

	2021/22 £'000	2022/23 £'000
<b>Balance at 1 April</b>	<b>195</b>	<b>192</b>
Net receipts from sale of assets	705	2,078
Release of deferred capital receipts	6,079	6,223
Net receipts from repayment of loans	0	20
Receipts applied to finance capital expenditure	-6,784	-6,689
<b>Balance at 31 March</b>	<b>192</b>	<b>1,823</b>

#### 41. Capital Grants Unapplied Reserve

The Capital Grant Unapplied Reserve is the resources available to meet future grant funded projects.

	2021/22 £'000	2022/23 £'000
<b>Balance at 1 April</b>	<b>6,712</b>	<b>8,560</b>
Applied during the year	-620	-1,826
Recognised as income but not applied during the year	2,468	4,135
<b>Balance at 31 March</b>	<b>8,560</b>	<b>10,868</b>

## 42. Movement in Unusable Reserves

Unusable Reserves	31 March 2022 £'000	31 March 2023 £'000
Pooled Fund Adjustment Account	-3	47
Pensions Reserve	-22,013	5,895
Revaluation Reserve	44,626	60,838
Deferred Capital Receipts Reserve	11,452	5,229
Capital Adjustments Account	29,137	34,496
Collection Fund Adjustment Account	-1,833	322
Accumulated Absences Account	-275	-197
<b>Total</b>	<b>61,091</b>	<b>106,630</b>

## 43. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or additions of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisation are charged to the CI&ES (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The Account is credited with the amount set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

The Account contains accumulated gains/losses on Investment Properties.

The Account also contains revaluation gains accumulated on PPE before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

The MIRS provides details of the source of all the transactions posted to the Account apart from those involving the Revaluation Reserve.

# Notes to the Financial Statements

2021/22	Capital Adjustment Account		2022/23
£'000	£'000		£'000
	23,633	<b>Balance as at 1 April</b>	29,137
		<b>Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (CIES):</b>	
-2,331		Charges for depreciation for non-current assets	-2,707
-106		Charges for impairment for non-current assets	-192
172		Revaluation losses / subsequent gains on Property, Plant and Equipment	-1,897
-58		Amortisation of Intangible Assets	-46
-875		Revenue Expenditure funded from capital under statute	-1,434
-119		Amounts of non-current assets written off on disposal or sale as part of the gain/ loss on derecognition	-164
0		Removal of finance liability on derecognition of assets held under finance leases	0
	-3,317		-6,440
		<b>Adjusting amounts written out of the Revaluation Reserve:</b>	
599		Difference between fair value depreciation and historical cost depreciation	743
82		Accumulated gains on assets sold or scrapped	126
	681		869
		<b>Capital Financing applied in year:</b>	
6,787		Use of the Capital Receipts Reserve to finance new capital expenditure	6,670
0		Capital grants and contributions credited to the CIES that have been applied to capital financing	0
597		Application of grants to capital financing from the Capital Grants Unapplied account	1,806
0		Reversal of grants and contributions applied in previous years	0
8,020		Repayment of loans treated as capital receipts	0
168		Statutory provision for the financing of capital investment charged against the General Fund balance	188
2,136		Capital expenditure charged against the General Fund balance	2,360
0		Reversal of revenue applied to capital financing in previous years	0
	17,708		11,023
	-1,548	<b>Movements in the market value of Investment Properties debited or credited to the CIES</b>	-93
	0	<b>Amounts of Investment Properties written off on disposal or sale as part of the gain/loss on derecognition</b>	0
	0	<b>Revaluation losses / subsequent gains on Assets held for Sale</b>	0
	0	<b>Impairment Losses on Assets held for Sale</b>	0
	0	<b>Accumulated gains on Assets held for Sale or scrapped</b>	0
	0	<b>Amounts of Assets held for Sale written off on disposal or sale as part of the gain/loss on derecognition</b>	0
	-8,020	<b>Repayment of loans treated as capital receipts</b>	0
	29,137	<b>Total Balance at 31 March</b>	34,496



#### 44. 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
- disposed of and the gains are realized

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2021/22		Revaluation Reserve		2022/23	
£'000	£'000			£'000	£'000
	<b>32,711</b>	<b>Balance as at 1 April</b>			<b>44,626</b>
12,596		Revaluation of assets		19,011	
0		Impairment of assets		-1,929	
0		Write back of accumulated depreciation on revaluations		0	
0		Write back of accumulated impairment on revaluations		0	
	<b>12,596</b>	<b>Surplus or deficit on revaluation of non current assets not posted to the Surplus or Deficit on the Provision of Services</b>			<b>17,081</b>
-599		Difference between fair value depreciation and historical cost depreciation		-743	
-82		Accumulated gains on assets sold or scrapped		-126	
	<b>-681</b>	<b>Amounts written off to the Capital Adjustment Account</b>			<b>-869</b>
	<b>44,626</b>	<b>Total Balance at 31 March</b>			<b>60,838</b>

#### 45. Deferred Capital Receipts

The Deferred Capital receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by capital receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	2021/22	2022/23
	£'000	£'000
<b>Deferred Capital Receipts Reserve</b>		
<b>Balance as at 1 April</b>	<b>17,531</b>	<b>11,452</b>
Amounts credited in year	0	0
Amounts released to the Usuable Capital Receipts Reserve	-6,079	-6,223
<b>Balance as at 31 March</b>	<b>11,452</b>	<b>5,229</b>

#### 46. Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund. For further details see the Collection Fund Notes within the supplementary financial statements.

	2021/22	2022/23
	£'000	£'000
<b>Collection Fund Adjustment Account</b>		
<b>Balance as at 1 April</b>	<b>-4,044</b>	<b>-1,833</b>
Amount by which Council Tax and Business Rate income credited to the CIES is different from the income for the year calculated in accordance with statutory requirements	2,211	2,155
<b>Balance as at 31 March</b>	<b>-1,833</b>	<b>322</b>

#### 47. Accumulated Absences Account

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

	2021/22	2022/23
	£'000	£'000
<b>Accumulated Absences Account</b>		
<b>Balance as at 1 April</b>	<b>-339</b>	<b>-275</b>
Settlement or cancellation of previous year's accrual	339	275
Amount accrued at the end of the current year	-275	-197
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in the year under statute	64	77
<b>Balance as at 31 March</b>	<b>-275</b>	<b>-197</b>

## 48. Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the CI&ES as the benefits are earned by employees accruing years of service, updating the liability recognised to reflect inflation, charging assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employers contributions to pension funds or eventually pays any pension for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and 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.

Pension Reserve	2021/22 £'000	2022/23 £'000
<b>Balance as at 1 April</b>	<b>-28,559</b>	<b>-22,013</b>
Net charge made for retirement benefits in accordance with IAS19	-3,516	-3,328
Remeasurements of the new defined liability	10,062	31,236
<b>Balance as at 31 March</b>	<b>-22,013</b>	<b>5,895</b>

## 49. Pooled Fund Adjustment Account

	2021/22 £'000	2022/23 £'000
<b>3 Balance at 1 April</b>		<b>0</b>
Increase in value of assets held at Fair		
0 Value through Profit and Loss		50
Decrease in value of assets held at Fair		
6 Value through Profit and Loss		0
Amounts transferred to the General Fund		
0 on disposal		0
0		
<b>-3 Balance at 31 March</b>		<b>47</b>

## 50. Notes to the Cashflow Statement

	2021/22	2022/23
	£'000	£'000
<b>Non-cash Movements</b>		
Depreciation/amortisation of fixed assets	-2,389	-2,753
Impairment charges/revaluation losses (-) Gains (+)	65	-2,089
Retirement benefit adjustments	-3,516	-3,328
Debt write-offs and Impairment allowances	0	0
Other financial instrument adjustments	0	0
Provisions set aside in the year	241	669
Deferred capital receipts	0	0
Movement in value of Pooled Funds	-6	50
Movement in value of investment properties	-1,548	-93
Carrying amount of non-current asset sold	-119	-164
Transfers from Capital Grants Receipts in Advance	66	35
Previous years' capitalised spend written-off	0	0
Donated assets	0	0
Other non cash adjustment	102	114
Increase/decrease(-) in inventories	33	-3
Increase/decrease(-) in debtors	-80	2,663
Increase(-)/decrease in creditors	-7,904	11,308
<b>Total adjustments for non-cash movements</b>	<b>-15,053</b>	<b>6,409</b>

**Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities**

	2021/22	2022/23
	£'000	£'000
- Proceeds from the sale of property, plant and equipment, investment property and intangible assets	705	2,078
Gains on loans & receivables	0	0
Capital Grants credited to surplus or deficit on the provision of services	2,402	4,100
-Cash adjustment	0	0
<b>Total</b>	<b>3,107</b>	<b>6,177</b>

<b>Investing Activities</b>	<b>2021/22</b> <b>£'000</b>	<b>2022/23</b> <b>£'000</b>
Purchase of property, plant and equipment, investment property and intangible assets	2,783	5,183
Purchase of short-term and long-term investments	301,000	5,285
Other payments for investing activities	0	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-6,784	-8,301
Capital grants	-2,402	-4,717
Proceeds from short-term and long-term investments	-288,000	0
Other receipts from investing activities	-8,020	-20
<b>Total adjustments for investing activities</b>	<b>-1,423</b>	<b>-2,569</b>

<b>Financing Activities</b>	<b>2021/22</b> <b>£'000</b>	<b>2022/23</b> <b>£'000</b>
Cash receipts of short- and long-term borrowing	0	0
Other receipts from financing activities	0	0
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet service concession arrangements	0	0
Repayments of short- and long-term borrowing	8,000	0
Other payments for financing activities	-2,742	-1,205
<b>Total adjustments for financing activities</b>	<b>5,258</b>	<b>-1,205</b>

## 51. Contingent Assets

There are no contingent assets to disclose at 31 March 2023.

## 52. Contingent Liabilities

There are no contingent liabilities to disclose at 31 March 2023.

## 53. Going Concern

The accounts are prepared on a going concern basis; that is, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future from the date that the accounts are authorised for issue.



## CF 1 Council Tax Payers

The charge for council tax is based on the total number of dwellings in each of eight bands at 1 April 1991 valuations. This is adjusted for dwellings where discounts or exemptions apply and is converted into an “equivalent number of Band D dwellings” where bands below Band D will pay proportionately less than dwellings in higher bands. A further adjustment is made for losses on collection and contributions in lieu of tax in respect of certain government properties. The table below sets out the calculation of the Council Tax Base for 2022/23.

2021/22		2022/23					
Equivalent Number of Band D Dwellings	Valuation Band	Total Number of Dwellings in Band	Discounts, Exemptions & Disabled Relief	Total Chargeable Dwellings	Conversion Fraction (Proportion)	Equivalent Number of Band D Dwellings	
1	A (Disabled Relief)	1	0	1	5/9	1	
342	A	788	-245	543	6/9	362	
765	B	2,235	-1,007	1,229	7/9	956	
4,305	C	6,718	-1,665	5,053	8/9	4,492	
8,504	D	9,949	-1,570	8,379	9/9	8,379	
7,737	E	7,493	-666	6,827	11/9	8,344	
5,589	F	4,267	-263	4,004	13/9	5,784	
8,135	G	5,075	-219	4,856	15/9	8,093	
2,985	H	1,591	-41	1,551	18/9	3,101	
<b>38,363</b>		<b>38,117</b>	<b>-5,675</b>	<b>32,442</b>		<b>39,511</b>	
-384	Less Allowance for losses on collection					-395	
144	Add: Contribution in lieu of tax					144	
<b>38,124</b>	<b>Tax Base for Calculation of Council Tax</b>					<b>39,260</b>	
0	Add: Adjustment for changes during the year for successful appeals against valuations bandings, new properties, demolitions, disabled persons' relief and empty properties					0	
<b>38,124</b>	<b>Council Tax Base for the year</b>					<b>39,260</b>	

Each year, the Council needs to collect enough money from local residents to cover the cost of the services it provides which is not funded by government grants and charges for services. It also collects charges for Hertfordshire County Council and the Hertfordshire Police. The total is divided by the tax base for the purposes of calculating the council tax to arrive at an average Band D tax per dwelling.

The Council set an average council tax charge for Band D dwellings of £2134.75 (£2064.07 for 2021/22).

## CF2 Business Rate Payers

In line with the Local Government Act 2003, from 1 April 2005, all business premises are subject to a tax known as National Non-Domestic Rates (NNDR). The tax is calculated using local rateable values which are then multiplied by a uniform rate.



## Group Movement in Reserves Statement

	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Unapplied	Capital Grants and Contbns Unapplied	Share of Joint Venture Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2021</b>		<b>5,177</b>	<b>21,078</b>	<b>195</b>	<b>6,712</b>	<b>52</b>	<b>33,214</b>	<b>40,936</b>	<b>74,150</b>
<b>Movement in reserves during 2021/22</b>									
Total Comprehensive Income and Expenditure		-6,703	0	0	0	0	-6,703	22,658	15,954
Adjustments between accounting basis and funding basis under statutory provisions	9	658	0	-3	1,848	0	2,503	-2,503	0
Adjustments primarily involving the share of Joint Venture Reserve		0	0	0	0	-2	-2	0	-2
Transfers to / from earmarked reserves	39	6,199	-6,199	0	0	0	0	0	0
<b>Increase (+) or Decrease (-) In Year</b>		<b>153</b>	<b>-6,199</b>	<b>-3</b>	<b>1,848</b>	<b>-2</b>	<b>-4,203</b>	<b>20,155</b>	<b>15,952</b>
<b>Balance at 31 March 2022</b>		<b>5,330</b>	<b>14,879</b>	<b>192</b>	<b>8,560</b>	<b>50</b>	<b>29,011</b>	<b>61,091</b>	<b>90,102</b>
<b>Movement in reserves during 2022/23</b>									
Total Comprehensive Income and Expenditure		2,655	0	0	0		2,655	48,317	50,972
Adjustments between accounting basis and funding basis under statutory provisions	9	-1,161	0	1,631	2,308		2,779	-2,779	0
Adjustments primarily involving the share of Joint Venture Reserve						303	303	0	303
Transfers to / from earmarked reserves	39	-1,797	1,797	0	0		0	0	0
<b>Increase (+) or Decrease (-) In Year</b>		<b>-303</b>	<b>1,797</b>	<b>1,631</b>	<b>2,308</b>	<b>303</b>	<b>5,737</b>	<b>45,538</b>	<b>51,275</b>
<b>Balance at 31 March 2023</b>		<b>5,027</b>	<b>16,676</b>	<b>1,823</b>	<b>10,868</b>	<b>352</b>	<b>34,747</b>	<b>106,630</b>	<b>141,377</b>

## Group Comprehensive Income and Expenditure Statement

2021/22				2022/23			
Gross Expenditure £'000	Income £'000	Net Expenditure £'000	Notes	Gross Expenditure £'000	Income £'000	Net Expenditure £'000	
3,917	-2,158	1,759		4,959	-2,822	2,138	
13,382	-5,803	7,580		16,659	-7,730	8,929	
33,582	-22,875	10,708		32,383	-23,343	9,040	
1,860	0	1,860		1,883	-4,500	-2,617	
<b>52,742</b>	<b>-30,835</b>	<b>21,907</b>		<b>55,884</b>	<b>-38,394</b>	<b>17,489</b>	
			<b>Cost of Services</b>				
		-586	Other Operating Income	11	-1,914	0	-1,914
		822	Financing and Investment Income and Expenditure	12	1,321	417	1,738
		-15,439	Taxation and Non-Specific Grant Income	13	0	-19,969	-19,969
		<b>6,703</b>	<b>Surplus (-) or Deficit (+) on Provision of Services</b>	10	<b>55,291</b>	<b>-57,946</b>	<b>-2,655</b>
		-6	Share of Surplus (-) or Deficit (+) on Provision of Services by Joint Venture				-303
		<b>6,697</b>	<b>Group Surplus (-) or Deficit (+)</b>				<b>-2,958</b>
			<b>Items that will not be reclassified to the Surplus (-) or Deficit (+) on the Provision of Services</b>				
		12,596	Surplus or Deficit on revaluation of non-current assets	44			-17,081
		0	Impairment losses on non-current assets charges to the revaluation reserve	44			1,929
		-10,062	Remeasurements of the net defined benefit liability (asset)	19			-31,236
		2,534					-46,388
			<b>Items that may be reclassified to the Surplus (-) or Deficit (+) on the Provision of Services</b>				
		0	Surplus or deficit on revaluation of available for sale financial assets				0
		0	Other gains or losses				0
		0					0
<b>0</b>	<b>0</b>	<b>2,528</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>-46,691</b>
		<b>9,231</b>					<b>-49,346</b>

## Group Balance Sheet

As at 31 March 2022 £'000		Notes	As at 31 March 2023 £'000	£'000
	<b>Long Term Assets</b>			
88,545	Property, Plant and Equipment	23	108,944	
8,988	Investment Property	25	13,704	
0	Surplus Assets		0	
0	Heritage Assets			
0	Intangible Assets	26	0	
561	Long Term Investments		863	
11,618	Finance Lease Asset	29	5,432	
5,243	Long Term Debtors	29	5,223	
<b>114,955</b>	<b>Total Long Term Assets</b>			<b>134,166</b>
	<b>Current Assets</b>			
0	Assets Held for Sale		0	
4,755	Debtors	30	8,274	
61	Stock		58	
15,347	Short Term Investments	33	20,682	
8,853	Cash and Cash Equivalents	32	2,696	
<b>29,016</b>	<b>Total Current Assets</b>			<b>31,709</b>
	<b>Current Liabilities</b>			
-9	Short Term Borrowing	34	-9	
-22,702	Short Term Creditors and Revenue Receipts in Advance	31	-13,378	
-1,103	Provisions due within one year	36	-434	
0	Short Term Finance Liability		0	
-35,768	Short Term Capital Grants Receipts in Advance		-35,768	
<b>-23,814</b>	<b>Total Current Liabilities</b>			<b>-14,438</b>
	<b>Long Term Liabilities</b>			
0	Long Term Creditors and Revenue Receipts in Advance		0	
0	Provisions due over one year	36	0	
-8,000	Long Term Borrowing	34	-8,000	
-22,013	Pension Liability	19	5,895	
0	Long Term Finance Liability		-7,949	
0	Deferred Income		0	
-41	Long Term Capital Grants Receipts in Advance		-6	
<b>-30,054</b>	<b>Total Long Term Liabilities</b>			<b>-10,061</b>
<b>90,102</b>	<b>Net Assets (+) / Net Liabilities (-)</b>			<b>141,377</b>
	<b>Financed from:</b>			
28,961	<b>Usable Reserves</b>	37-41		<b>34,395</b>
61,141	<b>Unusable Reserves</b>	42-49		<b>106,982</b>
<b>90,102</b>	<b>Total Reserves</b>			<b>141,377</b>

## Group Cash Flow

2021/22 £'000		Notes	2022/23 £'000
<b>6,703</b>	<b>Net (surplus) or deficit on the provision of services</b>		<b>-2,655</b>
-15,053	Adjust net surplus or deficit on the provision of services for non-cash movements	50	6,409
3,107	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	50	6,177
<b>-5,243</b>	<b>Net cash flows from Operating Activities</b>		<b>9,931</b>
-1,423	Investing activities	50	-2,569
5,258	Financing activities	50	-1,205
<b>-1,408</b>	<b>Net increase (-) or decrease (+) in cash and cash equivalents</b>		<b>6,157</b>
7,445	Cash and cash equivalents at the beginning of the reporting period		8,853
<b>8,853</b>	<b>Cash and cash equivalents at the end of the reporting period</b>		<b>2,696</b>

## 1. The Group Accounting Policies

The Group Accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2022/23 using the equity method for Joint Ventures under International Accounting Standard 28, Interests in Joint Ventures, and using the line-by-line consolidation method for subsidiaries under International Accounting Standard 27, Consolidated and Separate Financial Statements. There are no material subsidiaries or associated organisations excluded from the Group Accounts. There are no material differences in the accounting policies of the Council or any of the companies or organisations forming part of the Group Accounts.

Cross references to notes on the single entity accounts are to be used for material balances on the group accounts.

## 2. Three Rivers District Council's share of Joint Venture Company within the Group

Joint Ventures	Share of Ownership	Other Stakeholder	Date Incorporated
Three Rivers Homes Limited	50%	Clarendon Living Ltd	24 March 2017

Three Rivers District Council has 100% ownership in Three Rivers Commercial Services (net assets not material as at 31 March 2020) which in turn has 50% ownership in Three Rivers Development LLP. The net assets of Three Rivers Development are not material therefore this has not been consolidated as part of the group accounts. The Council also has an investment in an Associate, Broste Rivers Group Ltd, and is part of a joint committee with West Herts Crematorium as at 31 March 2020, and these have not been consolidated as they fall outside the scope of group accounts.

The table below shows 50% share for Three Rivers District Council.

2021/22 £'000	Three Rivers Homes Limited	2022/23 £'000
-172	Revenue	-167
74	Administrative Expenses	73
83	Finance Cost	83
	Surplus on Revaluation of Investment	
0	Property	-296
10	Tax	5
<b>-6</b>	<b>(Profit)\Loss for the period</b>	<b>-303</b>
1,590	Property, Plant and Equipment	1,562
1,077	Investment Properties	1,373
11	Debtors (Current Assets)	14
123	Cash and Cash Equivalents (Current Assets)	35
-124	Creditors (Current Liabilities)	-42
-2,116	Creditors (Long term liabilities)	-2,078
<b>560</b>	<b>Net Assets</b>	<b>863</b>

### 3. Related Party Transactions

During the Period, there were no transactions between Three Rivers Homes Ltd and Three Rivers District Council.

### 4. Three Rivers Homes LTD Members' Capital Contributions (Loans)

2021/22	2022/23		Amounts outstanding at 31 March 2023
Amounts outstanding at 31 March 2022 £'000	New Loans £'000	Repayments £'000	£'000
4,186	Three Rivers Homes Ltd - Grapevine Loan		4,186
<b>4,186</b>	<b>0</b>	<b>0</b>	<b>4,186</b>

## **Accounting Period**

The period of time covered by the accounts, normally a period of 12 months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

## **Accruals**

These are sums included in the final accounts to recognise revenue and capital income and expenditure attributable to the accounting period, but for which payment has not been received or made by 31 March.

## **Accumulated Compensated Absences Adjustment Account**

This account represents the value of any unused holiday, time off in lieu or flexi hours which have not been taken by officers as at the 31 March.

## **Actuary**

An expert on rates of death and insurance statistics who assesses whether we have enough money in our pension fund.

## **Actuarial Gains and Losses**

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed.

## **Amortisation**

The term used to refer to the charging of the value of a transaction or asset (usually related to intangible Long Term Assets) to the Income and Expenditure Account over a period of time, reflecting the value to the Council; similar to the depreciation charge for tangible Long Term Assets.

## **Billing Authority**

A local authority responsible for collecting Council Tax and National Non-Domestic Rates.

## **Capital Adjustment Account**

This records the timing difference between the costs of fixed assets used and the capital financing set aside to pay for them.

## **Capital Expenditure**

Expenditure on assets which have a long term value. Includes the purchase of land, purchase or cost of construction of buildings and the acquisition of plant, equipment and vehicles.

## **Capital Receipts**

The proceeds from the sale of Long Term Assets such as land and buildings. Capital receipts can be used to repay any outstanding debt on Long Term Assets or to finance new capital expenditure, within rules set down by government. Capital receipts cannot, however, be used to finance revenue expenditure.

## **Capital Charges**

This is a general term used for the notional charges made to service revenue accounts for the use of fixed assets. The term covers the following:

Depreciation, Impairment charges and Amortisation of Deferred Charges (included in gross expenditure) offset by the Amortisation of government grants deferred (included in income).

## **Capital Financing Costs**

These are costs, such as interest, which we charge because we have spent money on non-current assets.



### **Chartered Institute of Public Finance and Accountancy (CIPFA)**

The professional accountancy body concerned with local authorities and the public sector.

### **Code of Practice on Local Authority Accounting in the United Kingdom (the Code)**

The annual Code of Practice, produced by CIPFA, which specifies the principles and practices of accounting required to give a 'true and fair' view of the financial position and transactions of a Local Authority.

### **Collection Fund**

A separate fund that records the income and expenditure relating to Council Tax and National Non-Domestic Rates.

### **Contingent Assets/Liabilities**

These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not yet been made in the Council's accounts.

### **Creditor**

Amounts owed by the Council for work done, goods received or services rendered but for which payment has not been made at 31 March.

### **Current Assets**

These are the short-term assets we have at date of the balance sheet which we can use in the following year.

### **Current Liabilities**

These are the short-term liabilities we have at date of the balance sheet which we will pay in the following year.

### **Current Service Cost**

Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

### **Curtailment**

Curtailments will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

### **Debtor**

Sums of money due to the authority but unpaid at the balance sheet date.

### **Defined Benefit Scheme**

This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

### **Depreciation**

The measure of the wearing out, consumption or other reduction in the useful life of a Long Term Asset.

### **Earmarked Reserves**

These are funds set aside for a specific purpose, or a particular service, or type of expenditure.

### **Finance Lease**

Arrangement whereby the lessee is treated as the owner of the leased asset, and is required to include such assets within Long Term Assets on the balance sheet.

## **Group Accounts**

Group Accounts are prepared using consistent accounting policies which will require authorities to align their financial statements more closely with International Financial Reporting Standards.

## **Heritage Assets**

Heritage Assets are held with the objective of increasing knowledge, understanding and the appreciation of the Council's history and local area.

## **International Financial reporting Standard (IFRS)**

Defined accounting standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of other entities.

## **Impairment**

A reduction in the value of a fixed asset to below its carrying amount on the balance sheet due to damage, obsolescence or a general decrease in market value.

## **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.

## **Investments**

Deposits for with approved institutions.

## **Infrastructure Assets**

Expenditure on works of construction or improvement but which have no tangible value, such as construction of, or improvement to, highways.

## **Long Term Assets – Tangible**

Tangible assets (i.e. land and buildings) that yield benefits to the Council and the services it provides for a period of more than one year.

## **Long Term Assets – Intangible**

Assets which are of benefit to the organisation, but have no physical presence such as software licences.

## **Long Term Debtors**

Amounts due to the Council more than one year after the Balance Sheet date.

## **National Non-Domestic Rates (NNDR or NDR)**

NNDR or NDR is the levy on business property, based upon a national rate in the pound applied to the 'rateable value' of the property. The Government determines a national rate poundage each year, which is applicable to all Local Authorities.

## **Operational Assets**

Long Term Assets held by the Council and used or consumed in the delivery of its services.

## **Operating Lease**

An arrangement whereby the risks and rewards of ownership of the leased asset remain with the lessor.

## **Pension Fund**

An employees' pension fund maintained by an authority, or a group of authorities, in order primarily to make pension payments on retirement of participants. It is financed from contributions from the employing authority, the employee and investment income.

**Precept**

The amount levied by one authority which is collected by another. e.g.: the County Council is the Precepting Authority and the District Council is the collecting authority, also known as the Billing Authority.

**Provision**

This is an amount which is put aside to cover future liabilities or losses which are considered to be certain or very likely to occur, but the amounts and timing are uncertain.

**Revenue Expenditure Funded From Capital Under Statute**

Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of an asset that belongs to the Authority.

**Surplus Assets**

Long Term Assets held by an organisation but not directly occupied, used or consumed in the delivery of services, or held as an investment.

