

Three Rivers District Council

Statement of Accounts 2024/25

TBC 2025

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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 2025 and its income and expenditure for the year ended 31 March 2025.

Signed

Date

Signed

Date

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 Three Rivers District Council and to continue to develop it.

The following Statement of Accounts give an overview of the Council's finances for 2024/25. 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) 2024 was laid before parliament on in September 2024 and came into force on 30 September 2024. This requires local authorities to publish draft accounts for 2024/25 by 30 June 2025 and commence the public inspection period on or before the first working day of July 2025. The deadline for conclusion of the audit and publication of audited accounts is 27 February 2026.

This final statement of accounts was authorised for issue by the Section 151 Officer on .

Signed

Date:

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



Support and enable sustainable communities



Achieve net carbon zero and be climate resilient

A great place to live, work and visit

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 2024/25 year end position and looks forward to 2025/26 and the related Medium Term Financial Plan (MTFP) for 2025/26 to 2027/28.

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.

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 £3.968m.

The effect of all variances on the Council's (surplus)/deficit for 2024/25 and the General Fund balance over the medium term is shown in the table below.

Movement on General Fund Balance	2024/25 Outturn £000	2025/26 Latest £000	2026/27 Latest £000	2027/28 Latest £000
Balance Brought Forward at 1 April	(5,027)	(4,692)	(3,784)	(3,105)
Revenue Budget (Surplus)/Deficit for Year	124	476	679	886
Creation of Additional Earmarked Reserves	212	0	0	0
Budget carry forwards	0	432	0	0
Closing Balance at 31 March	(4,692)	(3,784)	(3,105)	(2,218)

In addition to the General Fund Reserve, the Council has an Economic Impact Reserve. The balance on the Economic Impact Reserve is forecast to be £1.035m at the end of the MTFP period.

Movement on Economic Impact Reserve	2024/25 Outturn £000	2025/26 Latest £000	2026/27 Latest £000	2027/28 Latest £000
Balance Brought Forward at 1 April	(1,530)	(1,383)	(1,035)	(1,035)
In Year Movement	148	348	0	0
Closing Balance at 31 March	(1,383)	(1,035)	(1,035)	(1,035)

Narrative Statement

The overall MTFP indicates a budget requirement (net expenditure) for 2025/26 of £14.677m. Funding for this will come from a number of sources. The table below sets out the summary of the MTFP plus forecast funding.

Financial Statement - Summary	2025/26 Forecast £000	2026/27 Forecast £000	2027/28 Forecast £000
<u>Committee - Net Cost Of Services</u>			
General Public Services and Economic Development	5,534	5,307	5,316
Climate Change, Leisure and Community	2,001	2,116	2,114
Policy and Resources	4,885	5,226	5,481
Sub-Total	12,419	12,649	12,911
<u>Other</u>			
Parish Precepts	2,612	2,665	2,718
Interest Payable & Borrowing costs	755	825	865
Interest Received	(1,110)	(1,060)	(1,010)
Sub-Total	2,258	2,430	2,573
Net Expenditure	14,677	15,078	15,484

Funding	2025/26 Forecast £	2026/27 Forecast £	2027/28 Forecast £
Council Tax Base (No.)	40,038.90	40,439.30	40,843.70
Council Tax Base Increase (%)	0.47	0.99	0.99
Band D Council Tax (£)	206.36	212.53	218.88
Council Tax Increase - TRDC (%)	2.99	2.99	2.99
Council Tax (£)	(8,262)	(8,595)	(8,940)
<i>Parish Precepts (£)</i>	<i>(2,612)</i>	<i>(2,665)</i>	<i>(2,718)</i>
Total Taxation (£)	(10,875)	(11,259)	(11,658)
Business Rates (£)	(3,000)	(2,695)	(2,495)
Collection Fund Surplus (£)	125	0	0
New Homes Bonus Grant (£)	(116)	0	0
Government Funding (£)	(419)	(445)	(445)
Total Grant Funding (£)	(3,411)	(3,140)	(2,940)
Total Taxation & Grant Funding (£)	(14,286)	(14,399)	(14,598)
(Surplus)/Deficit Before Use of Earmarked Reserves	391	679	886
Planned Use of Reserves:			
Economic Impact Reserve	(348)	0	0
(Surplus) / Deficit to be funded from General Balances	44	679	886

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 2025/26 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. The 2023 revaluation had a considerable impact on Three Rivers and the forecast takes a prudent approach given a higher than average risk of appeals.

Business Rates Pooling

For 2025/26 there will be a business rate pool for Hertfordshire, of which Three Rivers will be a member.

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 2025/26, based on the final settlement, the Council expects to receive £0.116m.

Council Tax for 2025/26

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 2025/26 and subsequent years.

Council Tax Base

The Council Tax base for 2025/26 was set at the Council meeting on the 10 December 2024 and totalled 40,038.9 Band D equivalents assuming a collection rate of 99%.

Local Council Tax Reduction Scheme

For 2024/25 the Council has introduced a banded council tax reduction scheme for those on low incomes in order to prepare for the introduction of Universal Credit. The scheme has been designed to be cost neutral when compared to the previous scheme at an overall level.

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.

Capital Programme

The latest capital programme included in MTFP shows schemes totalling £14.829m in 2025/26 including rephasing from 2024/25, £4.332m in 2026/27, and £4.294m in 2027/28.

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

- Local Authority Housing Fund - £5.720m
- Disabled Facility Grants - £1.850m
- Waste and Recycling Vehicles - £2.663m
- Replacement Grounds Maintenance Vehicles – £1.777m
- Sustainability Schemes - £1.500m

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 and Local Authority Housing Fund. The Council can also attract partnership funding from other local authorities and agencies such as lottery funding.

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.

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 potential within the local area; especially those that attract additional investment into the local area from regional or national agencies.
- Schemes that provide additional or improved services to the Council's residents, in line with the Council's Strategic Plan.

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 original budget included a planned contribution from the General Fund of £0.764m after allowing for carry forwards from 2023/24 of £0.527m. After allowing for carry forwards from 2023/24, the final draw down on reserves for 2024/25 is £0.124m. In addition to the drawdown of general reserves there is a contribution from the Economic Impact Reserve of £0.148m. As a result of the outturn, the General Fund Reserve balance stand at £3.968m at the end of the year with the balance on Economic Impact Reserve being £1.383m at year end. This gives total unearmarked reserves of £5.351 at 31st March 2025.

Climate Change, Leisure & Housing	Original Budget £000	Original Budget Plus 2023/24 Carry Forwards £000	Latest Budget £000	Actual Spend £000
Housing	423	423	450	297
Leisure	1,220	1,220	1,033	950
Sustainability and Climate	309	389	400	259
Total	1,952	2,033	1,883	1,506

General Public Services, Community Safety & Infrastructure	Original Budget £000	Original Budget Plus 2023/24 Carry Forwards £000	Latest Budget £000	Actual Spend £000
Community Partnerships	1,022	1,030	1,070	1,062
Economic Development and Planning Policy	524	524	570	711
Public Services	2,935	2,982	3,211	3,246
Total	4,481	4,535	4,850	5,020

Policy & Resources	Original Budget £000	Original Budget Plus 2023/24 Carry Forwards £000	Latest Budget £000	Actual Spend £000
Resources and Leader	6,989	7,130	7,716	8,460
Garages and Shops	(1,300)	(1,300)	(1,277)	(1,224)
Investment Properties	(950)	(950)	(950)	(877)
Vacancy Provision	(180)	(180)	(180)	0
Salary Contingency	712	712	225	0
Total	5,270	5,411	5,533	6,359

Corporate Costs	Original Budget £000	Original Budget Plus 2023/24 Carry Forwards £000	Latest Budget £000	Actual Spend £000
Corporate Costs	2,456	2,456	2,406	1,295
Total	2,456	2,456	2,406	1,295

Total Net Expenditure	14,159	14,436	14,673	14,180
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Capital Activity

Capital expenditure is incurred on assets that benefit the community over a number of years. Capital expenditure for 2024/25 is shown below:

Capital Programme 2024/25 £000	Latest Approved Budget £000	Year End Actual Expenditure £000	Variance £000
General Public Services, Community Safety & Infrastructure	5,056,041	2,829,904	- 2,226,137
Climate Change, Leisure & Housing	3,714,843	2,855,688	- 859,155
Policy and Resources	1,318,528	676,271	- 642,257
Committee Capital Programme	10,089,412	6,361,863	- 3,727,549
Major Projects			
South Oxhey Initiative	-	-	-
Local Authority Housing Fund	9,758,225	4,038,122	- 5,720,103
Property Investment Board	46,635	44,711	- 1,924
Total Capital Programme	19,894,272	10,444,695	- 9,449,577

The Council planned to complete capital schemes valued at £19.894m in 2024/25. The Council completed and funded £10.445m worth of capital work. The main variance related to a delay in the completion of the delivery of housing on previous garage sites which will now complete after 31 March 2025. In total, £9.304m has been reprofiled into 2025/26 and future years.

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, albeit it is anticipated that further information will be available for the 2026/27 planning cycle. Alongside this the Council has experienced a significant change in its non-domestic rates base as a result of the 2023 revaluation. The Council has increased its appeals provision due to the likelihood of appeals as a result of the revaluation and holds additional resources in its Collection Fund Reserve to mitigate against this. 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 2024/25. 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 2024/25

The Annual Governance Statement will be appended following approval by Audit Committee

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	Earmarked Reserves	Capital Receipts Unapplied	Capital Grants and Contbns Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023		5,027	16,676	1,823	10,868	34,395	106,630	141,025
Movement in reserves during 2023/24								
Total Comprehensive Income and Expenditure		412	0	0	0	412	2,066	2,478
Adjustments between accounting basis and funding basis under statutory provisions	9	2,648	0	-18	5,700	8,330	-8,330	0
Transfers to / from earmarked reserves	39	-3,805	3,805	0	0	0	0	0
Increase (+) or Decrease (-) In Year		-744	3,805	-18	5,700	8,742	-6,265	2,478
Balance at 31 March 2024		4,283	20,481	1,805	16,569	43,138	100,365	143,503
Movement in reserves during 2024/25								
Total Comprehensive Income and Expenditure		5,385	0	0	0	5,385	-292	5,093
Adjustments between accounting basis and funding basis under statutory provisions	9	-2,853	0	73	-4,598	-7,378	7,378	0
Transfers to / from earmarked reserves	39	-2,867	2,867	0	0	0	0	0
Increase (+) or Decrease (-) In Year		-335	2,867	73	-4,598	-1,993	7,086	5,093
Balance at 31 March 2025		3,948	23,348	1,878	11,971	41,144	110,985	152,129

Comprehensive Income and Expenditure Statement

2023/24				2024/25			
Gross Expenditure	Income	Net Expenditure	Notes	Gross Expenditure	Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
10,484	-5,560	4,924	General Public Services and Economic Development	11,824	-6,594	5,230	
10,201	-4,279	5,923	Climate Change, Leisure and Community	6,734	-4,779	1,954	
30,300	-23,924	6,376	Policy and Resources	33,129	-21,691	11,439	
2,374	-37	2,337	Other Corporate Costs	2,583	0	2,583	
53,359	-33,800	19,559	Cost of Services	54,269	-33,064	21,205	
	-778		Other Operating Income	-1,588	0	-1,588	
	2,640		Financing and Investment Income and Expenditure	1,757	-5,120	-3,363	
	-21,833		Taxation and Non-Specific Grant Income	0	-21,640	-21,640	
	-412		Surplus (-) or Deficit (+) on Provision of Services	54,438	-59,823	-5,385	
			Items that will not be reclassified to the Surplus (-) or Deficit (+) on the Provision of Services				
	-8,830		Surplus or Deficit on revaluation of non-current assets	44		0	
	12,732		Impairment losses on non-current assets charges to the revaluation reserve	44		0	
	6,764		Remeasurements of the net defined benefit liability (asset)	19		292	
	10,667					292	
			Items that may be reclassified to the Surplus (-) or Deficit (+) on the Provision of Services				
	0		Surplus or deficit on revaluation of available for sale financial assets			0	
	0		Other gains or losses			0	
	0					0	
0	0	10,667	Other Comprehensive Income and Expenditure			292	
10,255						-5,093	

Balance Sheet

At 31 March 2024 Restated £'000		Notes	At 31 March 2025 £'000	£'000
	Long Term Assets			
115,924	Property, Plant and Equipment	23	120,819	
48,214	Investment Property	25	50,570	
0	Surplus Assets	23	37	
146	Heritage Assets	24	146	
0	Intangible Assets	26	0	
511	Long Term Investments	29	511	
5,460	Finance Lease Asset	28	5,460	
8,545	Long Term Debtors	29	8,531	
	Current Assets			
10,778	Debtors	30	11,210	
26	Stock		27	
23,117	Short Term Investments	33	24,108	
1,431	Cash and Cash Equivalents	32	9,643	
35,352	Total Current Assets			44,989
	Current Liabilities			
-9	Short Term Borrowing	31	-8	
-11,245	Short Term Creditors and Revenue Receipts in Advance	31	-19,937	
-3,074	Provisions	36	-3,975	
-72	Short Term Finance Liability		-78	
-1,240	Short Term Capital Grants Receipts in Advance		-1,088	
-15,640	Total Current Liabilities			-25,086
	Long Term Liabilities			
-8,000	Long Term Borrowing		-8,000	
-719	Pension Liability	19	-813	
-42,750	Long Term Finance Liability		-45,027	
0	Deferred Income		0	
-6	Long Term Capital Grants Receipts in Advance		-6	
147,037	Net Assets (+) / Net Liabilities (-)			152,129
	Financed from:			
43,138	Usable Reserves	37-41		41,144
103,899	Unusable Reserves	42-49		110,985
147,037	Total Reserves			152,129

Alison Scott, Director of Finance

Date:

Cash Flow Statement

THIS TABLE WILL BE PREPARED PRIOR TO PUBLICATION

2022/23 £'000		Notes	2023/24 £'000
2,655	Net (surplus) or deficit on the provision of services		-412
6,409	Adjust net surplus or deficit on the provision of services for non-cash movements	50	-7,732
6,177	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	50	8,503
9,932	Net cash flows from Operating Activities		359
-2,568	Investing activities	50	-841
1,205	Financing activities	50	1,747
6,158	Net increase (-) or decrease (+) in cash and cash equivalents		1,265
8,853	Cash and cash equivalents at the beginning of the reporting period		2,696
2,695	Cash and cash equivalents at the end of the reporting period		1,431

1. Expenditure and Funding Analysis

2022/23			2024/25		
Expenditure chargeable to the General Fund £'000	Adjustments between funding and accounting basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000	Expenditure chargeable to the General Fund £'000	Adjustments between funding and accounting basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
4,946	-23	4,923	4,256	974	5,230
2,312	3,611	5,923	2,269	-315	1,954
4,437	1,939	6,376	6,394	5,045	11,439
0	2,337	2,337	0	2,583	2,583
11,695	7,864	19,559	12,918	8,287	21,204
-10,951	-9,021	-19,972	-12,582	-14,008	-26,590
744	-1,156	-412	335	-5,721	-5,386
5,026			4,282		
-744			-335		
4,282			3,947		

2. Accounting Policies

2.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year end of 31 March 2025. 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 2024/25 (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 Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current 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 non-current 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 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 analysed 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.

2.7 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.

2.8 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.

2.9 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.

2.10 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.

2.11 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.

2.12 Leases

The Council adopted IFRS16 Leases with effect from 1 April 2024. At the inception of a contract, the Council assesses whether a contract contains a lease. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time. The Council considers:

- whether the asset is explicitly or implicitly identified in a contract,
- whether the asset identified in the contract is physically distinct,
- the rights to obtain substantially all of the economic benefits and service potential from the asset,
- the right to direct use.

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.

Leases at peppercorn or nominal lease payments are those leases for which consideration is paid but the lease payments are substantially below market lease payments.

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 – A Right-of-Use Asset

The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments, and removes the previous classifications of operating and finance leases for lessees.

Initial Measurement

Leases are recognised as right-of-use assets in the Balance Sheet/disclosure note with a corresponding liability at the date from the commencement date.

The right-of-use asset is initially measured at cost, comprising:

- **the amount of the initial measurement of the lease liability,**
- **any lease payments made at or before the commencement date less any incentives received,**
- **any initial direct costs incurred, and**
- **any dilapidation or restoration costs.**

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value at the commencement date.

The asset recognised is matched by a liability for the obligation to pay the lessor. The lease liability is measured at the present value of lease payments that are not paid at that date, discounted by the interest rate implicit in the lease, or if that cannot be determined the lessee's incremental borrowing rate specific to the term and start date of the lease.

Subsequent measurement

The right-of-use asset is subsequently measured at fair value.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption, and is tested for impairment if there are indicators of impairment.

The lease liability is subsequently measured at amortised cost, using the effective interest method.

The lease liability, and corresponding adjustment to the right-of-use asset, is remeasured when:

- there is a change in future lease payments arising from a change in index or rate such as inflation
- there is a change in the estimate of the amount expected to be payable under a residual value guarantee
- the Council changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a change in the lease term.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Property, Plant and Equipment recognised under 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 has elected to apply recognition exemptions to low value assets (those below £10,000 when new) and to short term leases (leases that expire on or before 31 March 2026, and new leases with a duration of less than 12 months) in accordance with the Code.

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 Movement in Reserves Statement.

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 Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement 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 Movement in Reserves Statement. 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 Movement in Reserves Statement. 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 non-current 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 Movement in Reserves Statement.

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 Comprehensive Income and Expenditure Statement. 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.

Sale and Leaseback transactions – Where the Council (the seller-lessee) transfers an asset to another entity (the buyer-lessor) and leases that asset back from the buyer-lessor, both the seller-lessee and the buyer-lessor shall account for the transfer contract and lease.

2.13 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.

2.14 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 non-current 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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.

2.19 Value Added Tax (VAT)

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

2.20 West Herts Crematorium

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.

Three Rivers District Council is appointed by the Joint Committee to act as the Lead Authority delivering crematoria services. Transactions and balances related to income and expenditure, assets and liabilities are consolidated in full in the Council's single entity financial statements.

2.21 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.

2.22 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.

2.23 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

THIS SECTION WILL BE UPDATED FOLLOWING REVIEW

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 2024/25.
- 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 Align Property Partners
 - Pension valuations supplied by Barnet Waddingham - 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 Azets 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

PRIOR PERIOD ADJUSTMENTS WILL BE APPENDED TO FINAL DRAFT ACCOUNTS

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 2025.

The draft Statement of Accounts was authorised for issue by the Section 151 Officer on xx June 2025

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 2025, 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 2025 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

THIS TABLE IS TO BE UPDATED

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	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 £1,725m. A 1 year increase in life expectancy assumptions would increase the closing defined benefit obligation by 4%.

	generally considered to be material.	
Arrears	<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>	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.
Non Domestic Rates Appeals Provision	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.	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.
Fair Value Asset Valuations	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>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

2023/24					2024/25			
Adjustments for Capital Purposes	Net Charge for the Pensions Adjustments	Other Differences	Total Adjustments		Adjustments for Capital Purposes	Net Charge for the Pensions Adjustments	Other Differences	Total Adjustments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
49	70	-141	-23	General Public Services and Economic Development	1,180	-69	-241	974
3,384	27	200	3,611	Climate Change, Leisure and Community	-71	-28	-722	-315
1,888	44	8	1,939	Policy and Resources	4,028	-105	1,226	5,045
0	-13	2,350	2,337	Other Corporate Costs	0	2,496	87	2,583
0	0	0	0					
5,320	127	2,417	7,864	Service Costs	5,138	2,294	602	8,034
-4,937	-277	-3,807	-9,021	Other Income and expenditure not charged to services	-5,127	-2,438	-6,442	-14,008
384	-150	-1,390	-1,156	Surplus (-) or Deficit (+)	10	-144	-5,588	-5,721

9. Adjustments between accounting basis and funding basis under regulations

2023/24					2024/25				
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	
				Adjustments to Revenue Resources					
-150	0	0	150	Pension Costs transferred to (or from) the Pensions Reserve	-198				198
0	0	0	0	Financial instruments transferred to the Financial Instrument Adjustment Account	0				0
-133	0	0	133	Gain or Loss on the valuation of pooled investment funds	-69				69
2,497	0	0	-2,497	Council Tax and Business Rates transferred to the Collection Fund Adjustment Account	-2,601				2,601
51	0	0	-51	Holiday pay transferred to the Accumulated Balances Account	4				-4
				Reversal of entries included in the Surplus of Deficit on the Provision of Services in relation to capital expenditure to the Capital Adjustment Account					
9,519	0	0	-9,519		5,512				-5,512
0	0	0	0	Adjustments between Revenue and Capital Resources					
-844	844	0	0	Transfer of non-current asset sale proceeds to the Capital Receipts Unapplied Reserve	-1,588	1,588			0
0	-911	0	911	Useable Capital Receipts applied to finance capital expenditure		-1,574			1,574
-413	0	0	413	Statutory provision for the repayment of debt transferred to the Capital Adjustment Account	-498				498
-236	0	0	236	Capital expenditure financed from revenue balances transferred to the Capital Adjustment Account	-301				301
0	0	-1,942	1,942	Capital grants and contributions applied	0		-7,713		7,713
17	0	-17	0	Capital grants and contributions released to revenue	15		-15		0
-7,659	0	7,659	0	Capital gains and contributions receivable not applied to finance capital expenditure	-3,130	0	3,130		0
0	0	0	0	Administrative costs of non-current asset disposals (funded by a contribution for the Capital Receipts Reserve)	1	-1			0
0	0	0	0	Adjustments to Capital Resources					
0	48	0	-48	Net receipts from repayment of loans		60			-60
0	1	0	-1	Release of Deferred Capital Receipt to Capital Receipt Reserve		0			0
2,649	-18	5,700	-8,331	Total	-2,853	73	-4,598	7,378	

10. Analysis of Income and Expenditure by Nature

2023/24 £'000	Income and Expenditure	2024/25 £'000
-16,179	Fees, charges and other service income	-17,328
-29,164	Government grants and contributions	-26,338
-2,041	Interest and investment income	-2,281
-10,905	Income from council tax and non-domestic rates	-13,852
0	Proceeds from the disposal of non-current assets	-1,588
-58,289	Total Income	-61,387
17,472	Employee benefits expenses	18,085
35,380	Other service expenses	36,020
4,405	Depreciation, amortisation, impairments and revaluations	271
1,676	Interest payable and similar charges	1,650
-277	Net interest expense on the pension defined liability	-24
-778	Costs from the disposal of non-current assets	0
57,877	Total Expenditure	56,002
-412	Surplus (-) or Deficit (+) on the Provision of Services	-5,385

2023/24 £'000	Fees and Charges by Committee	2024/25 £'000
-4,697	General Public Services and Economic Development	-5,484
-2,414	Climate Change, Leisure and Community	-2,570
-9,068	Policy and Resources	-9,273
-16,179	Total Fees and Charges	-17,328

11. Other Operating Expenditure

	2023/24	2024/25
Other Operating Expenditure	£'000	£'000
Capital Receipts	-844	-1,588
Disposal costs charged against capital receipts	0	0
Net Capital Receipts	-844	-1,588
Other Receipts	0	0
Total Receipts	-844	-1,588
Carrying value of non-current assets derecognised	66	0
Disposal costs charged to the General Fund	0	0
Total Disposal costs	66	0
Other Operating Expenditure	-778	-1,588
Adjustments between accounting basis and funding basis	778	1,588
Net Charge to the General Fund	0	1

12. Financing and Investment Income and Expenditure

	2023/24	2024/25
Financing and Investment Income and Expenditure	£'000	£'000
Interest payable and similar charges	1,676	1,650
Gain or Loss on the valuation of pooled investment funds	-133	-69
Interest receivable and similar income	-1,858	-2,212
Income and Expenditure in relation to investment properties	-615	-2,708
Change in fair value of investment properties	3,897	0
Net pensions interest expense	-277	-24
Dividends	-50	0
Financing and Investment Income and Expenditure	2,640	-3,363
Adjustments between accounting basis and funding basis	-3,487	93
Net Charge to the General Fund	-847	-3,270

13. Taxation and Non Specific Grant Income

	2023/24	2024/25
Taxation & Non Specific Grant Income	£'000	£'000
Council Tax Income	-9,988	-10,328
Non Domestic Rates	-917	-3,525
Non Ringfenced Government Grants	-3,269	-4,657
Capital Grants and Contributions	-7,659	-3,130
Total	-21,833	-21,640

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.

	2023/24	2024/25
Members' Allowances	£'000	£'000
Allowances	290	309
Expenses (Travel & Subsistence)	1	2
Total	291	311

15. Audit Fee

	2023/24	2024/25
Audit and Inspection Fees	£'000	£'000
Code of Practice Audit Work*	69	186
Other Fees for Prior Years	176	69
Fees payable for other services provided during the year	0	10
Total	245	265

16. Senior Officer Remuneration

The Council is required to disclose the number of employees in the accounting period whose remuneration fell in each bracket of a scale in multiples of £5,000, starting with £50,000.

Band £	Number of Employees	
	2023/24	2024/25
50,000-54,999	6	13
55,000-59,999	16	10
60,000-64,999	4	8
65,000-69,999	7	7
70,000-74,999	2	2
75,000-79,999	2	2
80,000-84,999	3	2
85,000-89,999	0	1
90,000-94,999	0	2
95,000-99,999	1	0
105,000-109,999	1	1
145,000-149,999	1	0
150,000-154,999	0	1
Total	43	49

Notes to the Financial Statements

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

2024/25					
Post Holder Information	Salary (Including Fees & Allowances)	Employers Pension Contribution	Total Remuneration Including Pension Contributions	Contributions to (+) from (-) Watford Borough Council	Cost to Three Rivers District Council
	£	£	£	£	£
Chief Executive	151,543	31,803	183,346	0	183,346
Section 151 Officer and Director of Finance*	109,689	20,931	130,620	-6,929	123,691
Associate Director of Strategy Partnerships & Housing	84,173	16,245	100,418	0	100,418
Associate Director of Customer & Community	85,412	16,245	101,657	0	101,657
Associate Director of Legal, Democratic Service & Monitoring Officer	93,563	17,819	111,381	0	111,381
Manager & Registrar at West Herts Crem	59,423	11,469	70,892	0	70,892
Executive Group Head of HR*	0	0	0	28,843	28,843
Total	583,803	114,512	698,315	21,913	720,229

*Shared service staff

2023/24					
Post Holder Information	Salary (Including Fees & Allowances)	Employers Pension Contribution	Total Remuneration Including Pension Contributions	Contributions to (+) from (-) Watford Borough Council	Cost to Three Rivers District Council
	£	£	£	£	£
Chief Executive	147,985	30,562	178,547	0	178,547
Director of Finance (Section 151 Officer)*	99,435	18,952	118,387	-41,426	76,961
Associate Director of Strategy Partnerships & Housing	80,409	15,280	95,689	0	95,689
Associate Director of Customer & Community	78,881	15,224	94,105	0	94,105
Associate Director of Legal, Democratic Service & Monitoring Officer	74,663	14,204	88,867	0	88,867
Manager & Registrar at West Herts Crem	57,974	11,189	69,163	0	69,163
Executive Group Head of HR*	0	0	0	29,884	29,884
Solicitor to the Council (Monitoring Officer) (left August 2023)	19,246	0	19,246	0	19,246
Total	558,593	105,411	664,004	- 11,542	652,462

*Shared Service Staff

17. Exit Packages

Exit packages Band (£)	2023/24				2024/25			
	Compulsory	Other		Total	Compulsory	Other		Total
	No.	£'000	No.	£'000	No.	£'000	No.	£'000
0 - 19,999	0	0	0	0	0	0	1	18
Total	0	0	0	0	0	0	1	18
Add new provisions created						0		0
Less amounts provided for in previous year						0		0
Add unused amount of previous year's provision						0		0
Adjust for differences between payments and accruals						0		0
Total cost of exit packages in the Comprehensive Income and Expenditure Statement						0		42

18. Grants

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2024/25:

Grant issuing body	Credited to Taxation and Non Specific Grant Income	2023/24	2024/25	Credited to Services	2023/24	2024/25
		£'000	£'000		£'000	£'000
Department for Levelling Up, Housing and Communities	Business Rate - Section 31 Grant	2,599	3,855	Local Council Tax Scheme Admin Grant	-	-
	New Homes Bonus	18	200	Homelessness	648	715
	COVID 19 Business Rate Reliefs Grant	-	-	Shared Prosperity Fund	189	530
	Taxation Income Guarantee Scheme	-	-	New Burdens Funding	-	-
	Revenue Support Grant	74	79			
	Services Grant	71	14			
	Funding Guarantee	380	510			
Department for Business, Energy & Industrial Strategy				Decarbonisation Grant	1,509	1,013
				Green Homes Grant	1	-
				Council Tax Rebate Grant - Discretionary	-	-
				Welcome Back Fund	-	-
				New Burdens Funding	26	-
Department for Work and Pensions				Housing Benefit Grant	13,780	13,102
				Rent Rebate Subsidy	521	530
				Benefit Admin Grant	208	179
Various	Other Revenue Grants	117	-	Other Revenue Grants	467	2,483
Various	Capital Grants	7,317	1,444	Capital Grants		
Various	Developer Contributions & CIL	342	1,686			
All Grants	Total	10,928	7,788	Total	17,347	18,551

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	
	2023/24 £'000	2024/25 £'000
Cost of Services		
Current Service Cost	2,436	2,294
Financing and Investment Income & Expenditure		0
Net Interest Expense	-277	-24
Surplus / Deficit on the Provision of Services	2,159	2,270
Other Comprehensive Income and Expenditure		
Return on plan assets	-5,033	4,884
Actuarial gains (-) and losses (+) from demographic assumptions	-628	-1,735
Actuarial gains (-) and losses (+) from financial assumptions	-5,605	-12,007
Experience gains (-) and losses (+)	3,256	-617
Impact of the Asset Ceiling	14,774	9,767
Remeasurements of the net defined benefit liability (asset)	6,764	292
Total retirement benefits charged to the Comprehensive Income and Expenditure Statement	8,923	2,562
Movement in Reserves Statement		
Reversal of net charges made to the Surplus/Deficit on the Provision of Services for retirement benefits in accordance with the code	142	-3,411
Actual amount charged against the General Fund Balance for pensions in the year	2,301	-1,141

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:

	2023/24 £'000	2024/25 £'000
Pension Liability		
Present value of the defined benefit pension obligation	-99,823	-89,768
Fair value of the plan assets	113,878	114,213
Impact of Asset Ceiling Adjustment	-14,774	-25,258
Total Net Liabilities	-719	-813

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

Assets at Fair Value	Local Government Pension Scheme	
	2023/24 £'000	2024/25 £'000
Opening Balance at 1 April	101,388	113,878
Interest Income	4,962	5,516
Return on plan assets	5,033	-4,884
Employer Contributions	2,301	2,468
Contributions by scheme participants	812	865
Benefits Paid	-4,260	-3,630
Settlements received / (paid)	0	0
Other (Business Combinations)	3642	0
Closing balance at 31 March	113,878	114,213

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

Liabilities	Local Government Pension Scheme	
	2023/24 £'000	2024/25 £'000
Opening Balance at 1 April	-95,493	-99,823
Current Service Cost	-2,436	-2,294
Interest Expense	-4,685	-4,775
Contributions by scheme participants	-812	-865
Actuarial gains and losses - demographic assumptions	628	1,735
Actuarial gains and losses - financial assumptions	5,605	12,007
Experience gains and losses	-3,256	617
Other actuarial gains and losses	0	0
Benefits Paid	4,260	3,630
Past Service Costs	0	0
(Gain) / Loss from settlements	-3,634	0
Closing balance at 31 March	-99,823	-89,768

Local Government Pension Scheme assets comprised:

Assets	At 31 March 2024		At 31 March 2025	
	£'000	%	£'000	%
Equities	69,571	61%	68,218	60%
Bonds	23,776	21%	25,852	23%
Property	13,004	11%	17,283	15%
Cash	7,527	7%	2,860	3%
Total	113,878	100%	114,213	100%

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.

Local Government Pension Scheme		
	2023/24	2024/25
Longevity Assumptions:		
Men:		
Longevity from 65 (currently aged 65) (yrs)	21.5	21.2
Longevity from 65 (currently aged 45) (yrs)	22.1	21.9
Women:		
Longevity from 65 (currently aged 65) (yrs)	24.2	24.1
Longevity from 65 (currently aged 45) (yrs)	25.7	25.2
Financial Assumptions:		
Consumer Price Index (CPI) increases	2.75%	2.90%
Rate of increases in salaries	3.25%	3.90%
Rate of increases in pensions and deferred pensions	2.75%	2.90%
Rate for discounting scheme liabilities	4.85%	5.80%

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 2022.

Significant assumptions used by the actuary

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	1%	1,326
0.1% increase in Pension Increase Rate	1%	1,283
0.1% increase in Salary Increase Rate	0%	80
1 year increase in member life expectancy	3%	2,947

Information about the Defined benefit obligation

Funding levels are monitored on an annual basis, and the latest triennial review is based on 31 March 2022 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 2025/26 is £2.470m.

20. 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.

2023/24		2024/25		Total Shared Services
Total Cost		Provided by TRDC	Provided by WBC	Services
£'000		£'000	£'000	£'000
Services				
1,638	Local Tax Collection	1,586		1,586
1,770	Housing Benefits	1,796		1,796
1,502	Finance	1,541		1,541
812	Human Resources		825	825
1,793	ICT		1,587	1,587
7,516	Total Expenditure	4,923	2,413	7,336
3,013	Paid by Three Rivers District Council	2,088	899	2,987
4,504	Paid by Watford Borough Council	2,835	1,514	4,348

21. 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 (e.g. council tax bills, housing benefits).

Senior Officers

The Director of Finance is a Director for Hertfordshire Building Control Ltd, which the council has occasional transactions within the normal course of business, including a £31k payment relating to a service-level agreement.

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

The Chief Executive, Director of Finance and Associate Director of Corporate, Customer & Community are all directors for Three Rivers Commercial Services Ltd.

The Chief Executive and Associate Director of Strategy Partnerships & Housing are both directors 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. During 2024/25 they received payments from TRDC within the normal course of business, including an increase in working capital of £37.5k. There is a loan facility in place between Three Rivers District Council and Three Rivers Homes Limited. The balance outstanding was £4.1m at 31st March 2025.

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

Broste Rivers Group has control over The Building Control (Hertfordshire) Company Ltd, for which the Director of Finance is also a director.

The Chief Executive is the honorary treasurer for West Herts Crematorium. There is an agreement existing between neighbouring authorities (Hertsmere, St Albans, Dacorum, Three Rivers & Watford) to constitute a Joint Committee under the Local Government Act 2000. TRDC is the lead authority of the Joint Committee. In 2024/25, Three Rivers received £255k which included £194k of NNDR payments and £49k relating to a service-level agreement. There was no annual contribution paid this year (2023/24 £50,000).

Key Management – Agency Staff

No key management roles were filled by agency staff members during 2024/25.

22. Movement in the value of Property, Plant and Equipment

2024/25	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
Cost or valuation as at 1 April	103,356	14,666	693	1,424	0	3,067	123,206
Additions	803	3,261	756	0	37	334	5,191
Revaluation increases (decreases) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Revaluation increases (decreases) recognised in the Surplus / Deficit on the Provision of Services	0	-259	0	0	0	0	-259
Derecognition - disposals	0	0	0	0	0	0	0
Assets reclassified	0	0	0	0	0	0	0
Cost or valuation as at 31 March	104,159	17,669	1,448	1,424	37	3,401	128,138
Depreciation and Impairment as at 1 April	0	-6,841	-441	0	0	0	-7,282
Depreciation charge	0	0	0	0	0	0	0
Depreciation and impairment written out to the Revaluation Reserve	0	0	0	0	0	0	0
Derecognition - disposals	0	0	0	0	0	0	0
Depreciation and impairment as at 31 March	0	-6,841	-441	0	0	0	-7,282
Net book Value at 31 March 2024	103,356	7,826	252	1,424	0	3,067	115,924
Net book Value at 31 March 2025	104,159	10,828	1,007	1,424	37	3,401	120,856

Notes to the Financial Statements

2023/24	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
Cost or valuation as at 1 April	100,130	13,119	586	1,424	0	2,815	118,074
Additions	617	1,763	107	0	0	255	2,742
Revaluation increases (decreases) recognised in the Revaluation Reserve	3,891	0	0	0	0	0	3,891
Revaluation increases (decreases) recognised in the Surplus / Deficit on the Provision of Services	-1,282	-104	0	0	0	0	-1,386
Derecognition - disposals	0	-115	0	0	0	0	-115
Assets reclassified	0	4	0	0	0	-4	0
Cost or valuation as at 31 March	103,356	14,666	693	1,424	0	3,067	123,206
Depreciation and Impairment as at 1 April	-3,028	-5,853	-395	0	0	0	-9,276
Depreciation charge	-1,910	-1,037	-45	0	0	0	-2,993
Depreciation and impairment written out to the Revaluation Reserve	4,938	0	0	0	0	0	4,938
Derecognition - disposals	0	49	0	0	0	0	49
Depreciation and impairment as at 31 March	0	-6,841	-441	0	0	0	-7,282
Net book Value at 31 March 2023	97,103	7,266	190	1,424	0	2,815	108,798
Net book Value at 31 March 2024	103,356	7,826	252	1,424	0	3,067	115,924

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. In 2023/24 the council elected to undertake a full revaluation of 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. In 2024/25 approximately one third of the Operational Assets were revalued. These valuations were carried out by Align Property Partners Ltd. 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.

	Other Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Total £'000
Carried at Historical Cost		7,266	1,424	8,690
Valued at Current Value as at: 31 March 2025				
31 March 2024	97,103			97,103
Total Cost or Valuation	97,103	7,266	1,424	105,793

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. Depreciation commences in the year following acquisition. Freehold land, Investment Properties, Assets under construction, Surplus Assets and Heritage Assets are not depreciated.

23. 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.

2023/24		2024/25			
Total		Musical	Works of	Civic Regalia	Total
£'000		Instrument	Art	£'000	£'000
		£'000	£'000		
146	Valuation at 1 April	90	41	15	146
-	Revaluation increases / decreases recognised in year	-	-	-	0
146	Valuation at 31 March	90	41	15	146

24. Movement in the value of Investment Properties

Investment Properties	2023/24 £'000	2024/25 £'000
Opening Balance at 1 April	48,654	48,214
Additions	0	0
Derecognition	0	0
Lease Remeasurement Impact		2,356
Net gain (+) / losses from fair value adjustments	0	0
Assets reclassified to / from Investment Properties	-440	0
Other changes	0	0
Closing balance at 31 March	48,214	50,570

Fair Value Hierarchy

All the Council's investment property portfolio has been assessed as Level 3 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 valuations for the investment property portfolio as at 31 March 2025 are outstanding. It will be valued in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution for Chartered Surveyors.

25. Movement in the value of Intangible Assets

	2023/24 £'000	2024/25 £'000
Expenditure on Software Licences	27	12
Written out in year of acquisition	-27	12
Net Book Value at 31 March	0	0

26. Capital Expenditure, Financing and Commitments

THIS NOTE WILL BE UPDATED FOR DRAFT ACCOUNTS PUBLICATION

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.

	2023/24 Restated £'000	2024/25 £'000
Capital Financing Requirement as at 1 April	32,792	36,660
Capital Investment:		
Property, Plant and Equipment	2,380	4,064
Assets under construction	255	334
Infrastructure Assets	107	756
Intangible Assets	27	12
Revenue Expenditure Funded from Capital Under Statute	1,151	5,241
Surplus Assets	0	37
Long Term Debtors	3,450	3,450
	7,370	13,894
Sources of Finance:		
Capital receipts	-863	-1,514
Government Grants and Other Contributions (including S106)	-1,942	-7,713
Capital Expenditure funded from the Revenue Account	-236	-301
Repayment of loans treated as capital receipts	-48	-60
Minimum Revenue Provision	-413	-498
	-3,502	-10,086
Increase (+) / decrease (-) in Capital Financing Requirement	3,868	3,808
Capital Financing Requirement at 31 March	36,660	40,468

At 31 March 2024 the Council had entered into contractual commitments valued at £1.280m (31 March 2023: £1.123m) in respect of its capital schemes.

27. Leases

Authority as Lessee

The Council has one material lease related to the acquisition of 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	2023/24 - Restated	2024/25
	£'000	£'000
27 - 30 Hartfield Road, SW19 3SG	39,700	42,056
Total	39,700	42,056

Right of Use Assets

This table shows the change in value of right-of-use assets held under leases by the authority.

	Investment Property £000	Total £000
Balance at 1 April 2024	39,700	39,700
Additions	0	0
Revaluations	2,356	2,356
Depreciation and Amortisation	0	0
Disposals	0	0
		0
Balance at 31 March 2025	42,056	42,056

Transactions Under Leases

Transactions Under Leases	2023/24 £000	2024/25 £000
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Operating Leases

Interest Expense on Lease Liabilities	1,475	1,458
Income from subletting right of use assets	-1,988	-2,083

Cash flow statement

Minimum Lease Payments

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Maturity Analysis of Lease Liabilities

Maturity Analysis of Lease Liabilities	2023/24 £000	2024/25 £000
Less than one year	1,514	1,568
One to 5 Years	6,211	6,430
More than 5 Years	86,385	88,565
Total Undiscounted Liabilities	94,110	96,563

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.

Maturity Analysis of Lease Receivables

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 lease payments receivable are:

Council as Lessor – Maturity of Lease Receivables	2023/24	Total	2024/25	Total
	Land and buildings £'000		Land and buildings £'000	
Future Minimum leases payments receivable:				
Within 1 st year	2,964	2,964	4,591	4,591
Within 2 nd year	2,787	2,787	2,947	2,947
Within 3 rd year	2,851	2,851	2,820	2,820
Within 4 th year	2,855	2,855	2,353	2,353
Within 5 th year	2,855	2,855	2,344	2,344
After 5 th year	61,019	61,019	52,498	52,498
Total:	75,330	75,330	67,553	67,553

28. Long Term Debtors

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

	At 31 March 2024 £'000	At 31 March 2025 £'000
Charges to Registered Properties	16	22
Loan - Grapevine	4,097	4,097
Loan - Bury Lake Young Mariners Base	875	855
Loan - Puckeridge	0	0
Loan - Thrive Homes	0	0
Rent to Mortgage Properties	0	0
Building Control	107	107
LT Loan WCHT - Foxgroves Path	3,450	3,450
Finance Lease Receivables	5,460	5,460
Total	14,004	13,991

29. Short-Term Debtors

	At 31 March 2024 £'000	At 31 March 2025 £'000
Government Departments	326	2,022
Other Local Authorities	674	4,134
Health Authorities	0	0
Payments in Advance	4,544	914
Bodies external to general government (i.e. all other bodies)	8,402	6,866
	13,946	13,937
Less Impairment Allowance Account	-3,168	-2,727
Total	10,778	11,210

30. Creditors

	At 31 March 2024 £'000	Balance at 31 March 2025 £'000
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Receipts in Advance

Government Departments	-246	-246
Other Local Authorities	0	0
Health Authorities	0	0
Other Entities & Individuals	-2,916	-3,076
	-3,163	-3,323

Creditors

Government Departments	-2,607	-9,772
Other Local Authorities	-3,162	-4,778
Health Authorities	0	0
Other Entities & Individuals	-2,314	-2,064
	-8,083	-16,614

Short Term Creditors and RIA

	-11,245	-19,937
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Long Term Receipts in Advance

	0	0
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Total	-11,245	-11,245
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31. Cash and Cash Equivalents

	At 31 March 2024 £'000	At 31 March 2025 £'000
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Cash at bank and in hand(+)/Overdrawn (-)	1,431	9,643
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Total	1,431	9,643
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32. Short Term Investments

	At 31 March 2024 £'000	At 31 March 2025 £'000
Royal London Asset Management Cash Plus Fund	2,530	5,001
Short Term Deposits	20,587	19,107
Total	23,117	24,108

33. Financial Instruments

At 31 March 2024		Financial Assets	At 31 March 2025	
Short Term	Long Term		Short Term	Long Term
£000	£000		£000	£000
Carried at Amortised Cost				
1,431	0	Cash and Cash Equivalents	9,643	0
6,234	8,545	Debtors	10,296	8,531
20,587	5,460	Investments	19,107	5,460
28,253	14,004	Total at Amortised Cost	39,047	13,991
Carried at Fair Value through Other Comprehensive Income				
2,530	0	Investments	5,001	0
2,530	0	Total at Fair Value through Other Comprehensive Income	5,001	0
Carried at Fair Value through Profit & Loss				
0	511	Investments	0	511
0	511	Total at Fair Value through Profit and Loss	0	511
4,544	0	Non-Financial Assets*	914	0
35,327	14,515	Total	44,962	14,502

At 31 March 2024		Financial Liabilities	At 31 March 2025	
Short Term	Long Term		Short Term	Long Term
£000	£000		£000	£000
Carried at Amortised Cost				
(9)	(8,000)	Borrowing	(8)	(8,000)
(8,083)	0	Creditors	(16,614)	0
(8,092)	(8,000)	Total at Amortised Cost	(16,622)	(8,000)
(3,163)	(6)	Non-Financial Liabilities*	(3,323)	(6)
(11,254)	(8,006)	Total	(19,945)	(8,006)

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

Financial Liabilities	Fair Value Level	Balance Sheet At 31 March 2024 £'000	Fair Value At 31 March 2024 £'000	Balance Sheet At 31 March 2025 £'000	Fair Value At 31 March 2025 £'000
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Financial liabilities held at amortised cost:

Long-term loans from PWLB	2	8,000	4,248	0	3,713
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Total		8,000	4,248	0	3,713
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Liabilities for which fair value is not disclosed *

15,054	25,014
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Total Financial Liabilities	23,054	33,014
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Recorded on balance sheet as:

Short-term creditors	11,245	19,937
Short-term borrowing	9	8
Short-term provisions	3,074	3,975
Short term - Receipts in Advance	617	1,088
Long-term borrowing	8,000	8,000
Long-term creditors - Receipts in Advance	6	6

Total Financial Liabilities	22,951	33,014
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*The fair value of short-term financial liabilities and assets is assumed to approximate to the carrying amount.

Financial Assets	Fair Value Level	Balance Sheet At 31 March 2024 £'000	Fair Value At 31 March 2024 £'000	Balance Sheet At 31 March 2025 £'000	Fair Value At 31 March 2025 £'000
Financial assets held at amortised cost:					
Long Term Debtors to Third Parties	2	8,545	8,545	8,531	5,466
Total		8,545	8,545	8,531	5,466
Assets for which fair value is not disclosed *		25,326		44,962	
Total Financial Assets		33,871		53,493	
Recorded on balance sheet as:					
Short Term Debtors		10,778		11,210	
Short Term Investments		23,117		24,108	
Cash and cash equivalents		1,431		9,643	
Long Term Debtors		8,545		8,531	
Total Financial Assets		43,871		53,493	

Financial Instruments – Income, Expenses, Gains or Losses

2023/24		2024/25 Financial Liabilities Carried at:		Financial Assets	
Total				Fair Value through Profit and Loss	
£'000		Amortised Cost £'000	Amortised Cost £'000	£'000	Total £'000
1,676	Interest Expense	192		0	192
0	Decreases in fair value			0	0
0	Losses on Derecognition				0
0	Impairment Losses		0	0	0
0	Fee expense			0	0
1,676	Total expense in Surplus or Deficit on the Provision of Services	192	0	0	192
0					0
-1,858	Interest Income		-2,212	0	-2,212
0	Interest income accrued on impaired financial assets				0
-133	Increases in fair value			-69	-69
0	Gains on derecognition			0	0
-50	Dividend Income		0		0
-2,041	Total income in Surplus or Deficit on the Provision of Services	0	-2,212	-69	-2,281
-365	Net gain (-) / loss (+) for the year				-
					2,089

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34. Disclosure of Nature and Extent of Risk Arising from Financial Instruments

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

The authority'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. Risk management is carried out by a central treasury team, under policies approved by the council. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

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.

The maturity analysis of financial liabilities is as follows:

At 31 March 2024 £000	Maturity Profile	At 31 March 2025 £000
0	Less than 1 year	0
0	Between 1 and 2 years	0
0	Between 2 and 5 years	0
8,000	More than 5 years	8,000
8,000		8,000

Credit Risk

Credit risk arises from deposits with banks and building societies as well as credit exposure to the Council's customers.

The Council manages credit risk by ensuring that treasury investments are only placed with organisations

of high credit quality as set out in the Treasury Management Strategy. These include commercial entities such as the Council's bankers with a minimum long-term FITCH credit rating of F1 or higher, the UK government which is unrated, and other local authorities without credit ratings upon which the Council has received independent investment advice.

A limit of £5 million of funds can be placed with any UK local authority whilst there is no limit on the amount of funds that can be placed with the UK government. For specific public bodies there is a limit of £10 million and there is also a limit of £10 million for UK banks and building societies.

The maturity analysis of financial treasury investments is as follows:

At 31 March 2024		At 31 March 2025
Maturity Profile		
£000		£000
20,672	Less than 1 year	24,050
0	More than 1 year	0
20,672		24,049

The following analysis summarises the Council's aged debtors as at 31st March 2025:

Aged Debtors	At 31 March 2024 £000	At 31 March 2025 £000
Less than 3 months	419	492
Between 3 and 6 months	146	71
Between 6 month and 1 year	75	45
More than 1 year	99	150
Total	739	758

In furtherance of the Council's objectives, it has lent money to several counterparties (ie service loans) which has exposed the authority to the risk of loss for these loans should said counterparties default. The Council has assessed the potential loss of its material service loans and has calculated that a charge of approximately £4,100 would be due to be recognised in the General Fund if the Council's aforementioned counterparties were to default on their current loan commitments. Such a charge is immaterial and therefore has not been recognised in the General Fund.

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.).

The Council 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 Council. 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.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate. If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

At 31 March 2024	At 31 March 2025
Sensitivity Analysis	
£000	£000
234 Investments - 1% Increase	240
Borrowings - 1% Increase	0
234 Net impact on CIES	240

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

35. 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 2024	Additional provisions made in 2024/25	Amounts used in 2024/25	Unused amounts reversed in 2024/25	Balance at 31 March 2025
	£'000	£'000	£'000	£'000	£'000
Land Charges	-87	0	0	0	-87
MMI Insurance	0	0	0	0	0
Business Rates	-2,987	-1,763	862	0	-3,887
Total	-3,074	-1,763	862	0	-3,975

	Balance at 31 March 2023	Additional provisions made in 2023/24	Amounts used in 2023/24	Unused amounts reversed in 2023/24	Balance at 31 March 2024
	£'000	£'000	£'000	£'000	£'000
Land Charges	-87	0	0	0	-87
MMI Insurance	0	0	0	0	0

Business Rates	-346	-2,933	292	0	-2,987
Total	-434	-2,933	292	0	-3,074

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.

36. Movement in Useable Reserves

	31 March 2024	31 March 2025
Usable Reserves	£'000	£'000
General Fund	4,283	3,948
Earmarked Reserves	20,481	23,348
Useable Capital Receipts Reserve	1,805	1,878
Capital Grants and Contributions Reserve	16,569	11,971
Total	43,138	41,144

37. 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:

	2023/24	2024/25
	£'000	£'000
Balance at 1 April	5,027	4,283
Net increase / decrease before transfers to		
Earmarked Reserves	3,060	2,532
Transfer to / from Earmarked Reserves	-3,805	-2,867
Balance at 31 March	4,283	3,948

38. 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 2024/25.

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
Commercial Reserve	Sinking Fund related to the Income Strip deal at Hartsfield road, Wimbledon.
Local Government Reform	To support costs of delivering local government reorganisation

	Balance at 31 March 2023 £'000	In year movement 2023/24 £'000	Balance at 31 March 2024 £'000	In year movement 2024/25 £'000	Balance at 31 March 2025 £'000
Section 106 Commuted Sums	-1,006	74	-932	285	-647
Future Capital Expenditure	-158	-13	-171	0	-171
New Homes Bonus	-223	223	0	0	0
Building Control	-350	-1	-351	0	-351
Leavesden Hospital Open Space	-769	15	-754	20	-734
Environmental Maintenance Plant	-92	0	-92	0	-92
Economic Impact	-1,713	183	-1,530	147	-1,383
High Street Innovation Fund	0	0	0	0	0
NNDR Collection Fund	-3,050	-3,173	-6,223	-1,931	-8,154
Benefits equalisation	-79	34	-45	319	274
Commercial Reserve	-7,992	-835	-8,827	-703	-9,530
Planning Reserve	0	-88	-88	-112	-200
Grants and Contributions	-1,245	-223	-1,468	-792	-2,260
Local Government Reform	0	0	0	-100	-100
Total Earmarked Reserves	-16,676	-3,805	-20,481	-2,867	-23,348

39. 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.

	2023/24	2024/25
	£'000	£'000
Balance at 1 April	1,823	1,805
Net receipts from sale of assets	844	1,588
Release of deferred capital receipts	1	0
Net receipts from repayment of loans	48	60
Receipts applied to finance capital expenditure	-911	-1,574
Balance at 31 March	1,805	1,878

40. Capital Grants Unapplied Reserve

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

	2023/24	2024/25
	£'000	£'000
Balance at 1 April	10,868	16,569
Applied during the year	-1,958	-7,728
Recognised as income but not applied during the year	7,659	3,130
Balance at 31 March	16,569	11,971

41. Movement in Unusable Reserves

	31 March 2024	31 March 2025
Unusable Reserves	£'000	£'000
Pooled Fund Adjustment Account	180	248
Pensions Reserve	-719	-813
Revaluation Reserve	68,596	68,596
Deferred Capital Receipts Reserve	5,228	5,228
Capital Adjustments Account	29,503	37,551
Collection Fund Adjustment Account	-2,175	427
Accumulated Absences Account	-248	-252
Total	100,365	110,985

42. 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.

2023/24 Restated		Capital Adjustment Account	2024/25	
£'000	£'000		£'000	£'000
	34,517	Balance as at 1 April		33,037
		Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (CIES):		
-2,993		Charges for depreciation for non-current assets	0	
-104		Charges for impairment for non-current assets	-259	
-1,282		Revaluation losses / subsequent gains on Property, Plant and Equipment	0	
-27		Amortisation of Intangible Assets	-12	
-1,151		Revenue Expenditure funded from capital under statute	-5,241	
-66		Amounts of non-current assets written off on disposal or sale as part of the gain/ loss on derecognition	0	
0		Removal of finance liability on derecognition of assets held under finance leases	0	
	-5,622			-5,512
		Adjusting amounts written out of the Revaluation Reserve:		
1,072		Difference between fair value depreciation and historical cost depreciation	0	
0		Accumulated gains on assets sold or scrapped	0	
	1,072			0
		Capital Financing applied in year:		
863		Use of the Capital Receipts Reserve to finance new capital expenditure	1,514	
0		Capital grants and contributions credited to the CIES that have been applied to capital financing	0	
1,942		Application of grants to capital financing from the Capital Grants Unapplied account	7,713	
0		Reversal of grants and contributions applied in previous years	0	
48		Repayment of loans treated as capital receipts	60	
469		Statutory provision for the financing of capital investment charged against the General Fund balance	498	
236		Capital expenditure charged against the General Fund balance	301	
0		Reversal of revenue applied to capital financing in previous years	0	
	3,558			10,086
	-440	Movements in the market value of Investment Properties debited or credited to the CIES		0
	0	Amounts of Investment Properties written off on disposal or sale as part of the gain/loss on derecognition		0
	0	Revaluation losses / subsequent gains on Assets held for Sale		0
	0	Impairment Losses on Assets held for Sale		0
	0	Accumulated gains on Assets held for Sale or scrapped		0
	0	Amounts of Assets held for Sale written off on disposal or sale as part of the gain/loss on derecognition		0
	-48	Repayment of loans treated as capital receipts		-60
	33,037	Total Balance at 31 March		37,551

43. 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.

2023/24	Revaluation Reserve		2024/25	
£'000	£'000		£'000	£'000
	60,838	Balance as at 1 April		68,596
21,562		Revaluation of assets	0	
-12,732		Impairment of assets	0	
0		Write back of accumulated depreciation on revaluations	0	
0		Write back of accumulated impairment on revaluations	0	
		Surplus or deficit on revaluation of non current assets not posted to the Surplus or Deficit on the Provision of Services		0
	8,830			
-1,072		Difference between fair value depreciation and historical cost depreciation	0	
0		Accumulated gains on assets sold or scrapped	0	
	-1,072	Amounts written off to the Capital Adjustment Account		0

2023/24	Revaluation Reserve	2024/25
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44. 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.

	2023/24	2024/25
Deferred Capital Receipts Reserve	£'000	£'000
Balance as at 1 April	5,229	5,228
Amounts credited in year	0	0
Amounts released to the Usable Capital Receipts Reserve	-1	0
Balance as at 31 March	5,228	5,228

45. 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.

	2023/24	2024/25
Collection Fund Adjustment Account	£'000	£'000
Balance as at 1 April	322	-2,175

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

-2,497 2,601

Balance as at 31 March	-2,175	427
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46. 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.

	2023/24	2024/25
Accumulated Absences Account	£'000	£'000
Balance as at 1 April	-197	-248

Settlement or cancellation of previous year's accrual 197 248

Amount accrued at the end of the current year -248 -252

Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in the year under statute

-51 -4

Balance as at 31 March	-248	-252
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47. 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.

	2023/24 £'000	2024/25 £'000
Pension Reserve		
Balance as at 1 April	5,895	-719
Net charge made for retirement benefits in accordance with IAS19	150	198
Remeasurements of the new defined liability	-6,764	-292
Balance as at 31 March	-719	-813

48. Pooled Fund Adjustment Account

	2023/24 £'000	2024/25 £'000
Balance at 1 April	0	180
Increase in value of assets held at Fair Value through Profit and Loss	133	69
Decrease in value of assets held at Fair Value through Profit and Loss	0	0
Amounts transferred to the General Fund on disposal	0	0
Balance at 31 March	180	248

49. Notes to the Cashflow Statement

THE CASHFLOW STATEMENT WILL BE UPDATED PRIOR TO PUBLICATION

	2022/23	2023/24
Non-cash Movements	£'000	£'000
Depreciation/amortisation of fixed assets	-2,753	-3,019
Impairment charges/revaluation losses (-) Gains (+)	-2,089	-1,386
Retirement benefit adjustments	-3,328	150
Debt write-offs and Impairment allowances	0	0
Other financial instrument adjustments	0	0
Provisions set aside in the year	669	-2,640
Deferred capital receipts	0	0
Movement in value of Pooled Funds	50	133
Movement in value of investment properties	-93	-3,897
Carrying amount of non-current asset sold	-164	-66
Transfers from Capital Grants Receipts in Advance	35	0
Previous years' capitalised spend written-off	0	0
Donated assets	0	0
Other non cash adjustment	114	84
Increase/decrease(-) in inventories	-3	-32
Increase/decrease(-) in debtors	2,663	3,025
Increase(-)/decrease in creditors	11,308	-84
Total adjustments for non-cash movements	6,409	-7,732

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

	2022/23	2023/24
	£'000	£'000
- Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,078	844
Gains on loans & receivables		
Capital Grants credited to surplus or deficit on the provision of services	4,100	7,659
-Cash adjustment	0	0
Total	6,177	8,503

Investing Activities	2022/23	2023/24
	£'000	£'000
Purchase of property, plant and equipment, investment property and intangible assets	5,183	2,769
Purchase of short-term and long-term investments	5,286	3,291,574
Other payments for investing activities	0	3,450
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-8,301	-845
Capital grants	-4,717	-8,282
Proceeds from short-term and long-term investments	0	-3,289,379
Other receipts from investing activities	-20	-128
Total adjustments for investing activities	-2,568	-841

Financing Activities	2022/23	2023/24
	£'000	£'000
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	0	0
Other payments for financing activities	-1,205	1,747

Total adjustments for financing activities	-1,205	1,747
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50. Contingent Assets

There are no contingent assets to disclose at 31 March 2025.

51. Contingent Liabilities

Planning Appeals Costs

Planning Applicants have the right to appeal decisions by the Council to refuse planning applications with the Planning Inspectorate. In the event of an appeal the Council may incur additional costs for obtaining Legal Counsel and expert witnesses to defend the appeal. In the event of a successful appeal the applicant may submit a claim for costs to be awarded against the Council. For costs to be awarded the Council must be found to have acted in a way that is not fair, reasonable or robust. A Section 204 appeal has been lodged against a decision. The council will be defending this in court and are currently awaiting confirmation of a court date. Estimated costs if the defence is unsuccessful are £25,000.

52. 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.

Collection Fund

Collection Fund

This account reflects the statutory requirement for the Council, as the billing authority, to establish and maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and Non-Domestic Rates (Business Rates).

2023/24				2024/25		
National Non- Domestic Rates £000	Council Tax £000	Total £000		National Non- Domestic Rates £000	Council Tax £000	Total £000
			Income Receivable:			
	-82,451	-82,451	Council Tax receivable		-86,554	-86,554
-34,428		-34,428	Business Rates receivable	-48,925		-48,925
-16,326		-16,326	Transitional Protection Receivable	-10,631	0	-10,631
			Business rates - contribution towards previous year's deficit:			
	-207	-207	Three Rivers District Council	0	-85	-85
	-1288	-1,288	Hertfordshire County Council	0	-535	-535
	-187	-187	Herts Police and Crime Commissioner		-79	-79
			Central Government	0	0	0
-50,754	-84,133	-134,887	Total Income	-59,556	-87,253	-146,808
			Expenditure:			
			Repayment of previous years surpluses:			
252		252	Three Rivers District Council	52		52
63		63	Hertfordshire County Council	13		13
			Herts Police and Crime Commissioner			0
314		314	Central Government	65		65
			Precepts and demands:			
19,389	10,080	29,469	Three Rivers District Council	20,557	10,485	31,042
4,847	63,495	68,342	Hertfordshire County Council	5,139	67,178	72,318
	9,412	9,412	Herts Police and Crime Commissioner		10,003	10,003
24,236		24,236	Central Government	25,696		25,696
			Charges to the Collection Fund:			
1,487	221	1,708	Bad Debts Provision increase/(decrease)	-1,010	211	-799
6,601		6,601	Appeals Provision increase / (decrease)	2,252		2,252
104		104	Cost of Collection	104		104
			Transitional Protection Payable	0		0
57,293	83,208	140,501	Total Expenditure	52,869	87,877	140,747
6,539	-925	5,614	(Surplus)/Deficit for the year	-6,686	625	-6,061
-1,290	1,544	254	Fund Balance brought forward	5,249	619	5,868
5,249	619	5,868	(Surplus)/Deficit carried forward	-1,437	1,244	-193
Fund Balance Allocation (indicative):						
2,100	75	2,175	Three Rivers District Council	-575	148	-427
525	474	999	Hertfordshire County Council	-144	953	810
	70	70	Herts Police and Crime Commissioner		142	142
2,624		2,624	Central Government	-719		-719

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 2024/25.

2023/24		2024/25					
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	
0	A (Disabled Relief)	1	0	1	5/9	0	
372	A	889	-242	647	6/9	431	
1,084	B	2,544	-993	1,551	7/9	1,207	
4,764	C	6,993	-1,634	5,359	8/9	4,764	
8,281	D	9,786	-1,470	8,317	9/9	8,317	
8,292	E	7,447	-619	6,828	11/9	8,346	
5,903	F	4,349	-252	4,097	13/9	5,918	
8,020	G	5,023	-215	4,808	15/9	8,013	
3,081	H	1,595	-39	1,556	18/9	3,112	
39,799		38,627	-5,463	33,164		40,107	
-398	Less Allowance for losses on collection					-401	
144	Add: Contribution in lieu of tax					144	
39,545	Tax Base for Calculation of Council Tax					39,850	
0	Add: Adjustment for changes during the year for successful appeals against valuations bandings, new properties, demolitions, disabled persons' relief and empty properties					0	
39,545	Council Tax Base for the year					39,850	

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 £1,843.63 (£1,843.63 for 2023/24).

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 ACCOUNTS DATA IS NOT CURRENTLY AVAILABLE.

THE INDEPENDENT AUDITORS REPORT WILL BE APPENDED HERE FOLLOWING AUDIT CONCLUSION

Glossary of Terms

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.

