

Statement of Accounts 2025/26

Publication date TBC

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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 draft 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: TBC

Alison Betts, Director of Finance

Signed

Date: TBC

Councillor A Humphries, Chair of Audit Committee

Authorisation of the Statement of Accounts

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

The following Statement of Accounts give an overview of the Council's finances for 2025/26. 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 2025/26 by 30 June 2026 and commence the public inspection period on or before the first working day of July 2026. The deadline for conclusion of the audit and publication of audited accounts is 31 January 2027.

This draft statement of accounts was authorised for issue by the Section 151 Officer on **XX June 2026**.

Signed

Date: TBC

Alison Betts, Director of Finance

1. Narrative Statement

Three Rivers District Council

Annual Governance Statement 2025/26

SCOPE OF RESPONSIBILITY

1. Three Rivers District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
2. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
3. Three Rivers District Council has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/Solace Framework 'Delivering Good Governance in Local Government'. It is also in accordance with the requirements of the Accounts and Audit (England & Wales) Regulations 2015.
4. This Governance Statement explains how the Council has maintained sound governance during the 2025/26 financial year and also how the Council meets the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

5. The governance framework has been in place at the Council for the year ended 31 March 2026 and up to the date of approval of the annual report and statement of accounts. It comprises the systems and processes as well as the culture and values, by which the Council is directed and controlled and through which it accounts to, engages with and leads the community.
6. The governance framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.
7. The system of internal control is a significant part of this framework and is designed to manage risk to a reasonable level. However, it cannot eliminate all risk of failure to achieve policies, aims and objectives and, therefore, can only provide reasonable and not absolute assurance of effectiveness.
8. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively and economically.

THE GOVERNANCE FRAMEWORK

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

General

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

Strategic Aims and Objectives

16. The Council and the Policy and Resources Committee meet regularly to set the strategic direction of the Council and together with the Audit Committee and the Service Committees, monitor service delivery.
17. Each year, the Council updates its Corporate Framework. This is a document that brings together our high level, medium to long-term objectives which, following consultation and analysis of data, the council considers to be its priorities for the district. The vision and objectives set out in the 2023/26 Corporate Framework are as follows;
- 18.

Vision

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

We want Three Rivers to be a district:

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

Objectives

In order to realise our vision, our objectives are:

- To provide responsive and responsible local leadership by;
 - Listening to and understanding our communities and their changing needs
 - Continuing to develop and improve our Customer Experience
 - Promoting greater collaboration between organisations across and beyond the district
 - Managing a well-run Council that delivers efficient and effective services, prioritising our statutory responsibilities
 - Making responsible budget decisions that protect our core public services
- To expand our position as a great place to do business by;
 - Providing and nurture an attractive environment for sustainable business and “green” jobs
 - Attracting inward investment that delivers inclusive growth
 - Supporting and enable agile working cultures
 - Developing and raise the profile of our local cultural and wider visitor economy
 - Strengthening local entrepreneurial ecosystems
- To support and enable sustainable communities by;
 - Improving the wellbeing of our residents by reducing Health Inequalities and bringing health services into the heart of communities

- Maintaining and, where possible, expanding our leisure and cultural offer
 - Co-ordinating a Domestic Decarbonisation programme
 - Working collaboratively with partners to reduce violence, exploitation and the drivers of crime
 - Progressing towards approval of a new Local Plan that meets the needs of the district
 - Working with Communities to support those vulnerable to the cost of living crisis
- To achieve net carbon zero and be climate resilient by;
 - Making further progress towards the management of a Net Carbon Zero Council estate
 - Co-ordinating a domestic decarbonisation programme
 - Supporting local transition to a low carbon economy
 - Facilitating the design and implementation of sustainable, low carbon, infrastructure
 - Ensuring our emergency and public health plans account for more severe weather and its community impacts
 - Prioritizing climate adaptation efforts that explicitly help our most vulnerable populations
 - Maintaining our position as a top recycling authority in England.
 - Progressing towards approval of a new Local Plan that can secure the highest standards of environmental performance and sustainability in development.

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

Decision Making Structures

20. During 2025/26 the senior management comprised of the Chief Executive, Director of Finance, Associate Director Legal and Democratic Services, Associate Director for Corporate, Customer and Community, Associate Director for Environment. Financial control was the responsibility of the Director of Finance. This combined management with heads of service met fortnightly as the Corporate Management Team to review and progress the key objectives of the council
21. Overall financial control is monitored on a quarterly basis by the Corporate Management Team (CMT) and Policy and Resources Committee. Budget preparation is centred around the development of the Council's Medium Term Financial Plan (MTFP) which takes into account budget pressures and available resources over the current year and three further years. This MTFP is approved by Council and financial performance is reported against this to CMT and members where variations to the plan are approved. The Council has the ultimate responsibility for approving the annual budget. The final accounts are subject to formal approval by the Audit Committee.

Constitution

- 22 The Council has a written Constitution which identifies community focus, service delivery arrangements, structures and processes, risk management, internal control arrangements and standards of conduct. This sets out how the Council takes decisions, roles and responsibilities of members and officers, codes of conduct and procedure rules and also sets out the rights of citizens. The Council's Constitution is available on the Council's website.
- 23 There are regular meetings of the Full Council, Policy and Resources Committee and the other Service and Regulatory Committees. Meetings are open to the public and written reports are available to the public through the Council's website. Information is only treated as confidential when it is necessary to do so for legal / commercial reasons in accordance with the provisions of the Local Government Act 1972 as amended.
- 24 Councillors are assisted in their policy and decision-making roles by the advice of staff with suitable qualifications and experience, under the leadership of the Chief Executive. All reports requiring a decision from members include comments on financial, legal, equalities, sustainability, community safety (as relevant) and other appropriate issues such as potential risks to non-achievement, all of which ensures that comprehensive advice is provided prior to decisions being taken.
- 25 Local Authorities operating a committee system do not have to have or appoint separate overview and scrutiny committees. The scrutiny function for health and community safety is undertaken by the Leisure Environment and Community Committee. At Three Rivers District Council the review and scrutiny of policy is co-ordinated through the Policy and Resources Committee.
- 26 The Council's protocols and procedures are reviewed and updated on a regular basis for standing orders, financial regulations, a scheme of delegation and supporting procedure notes/manuals clearly defining how decisions are taken and the process and controls required to manage risks. Compliance with established policies, procedures, laws and regulations is achieved through a combination of training events, written policy and procedural documentation, authorisation procedures, managerial supervision, review by internal and external audit and use of the disciplinary procedure where appropriate.
- 27 Codes of Conduct defining the standards of behaviour for members, staff, our partners and the community, have been developed and communicated and are available on the Council's website.
- 28 The Associate Director of Legal and Democratic Services is the Council's Monitoring Officer and duties include: maintaining the council's Constitution, reporting on any potential or actual illegality or maladministration, and giving advice to the Leader and councillors on the Constitution or issues of maladministration, financial impropriety or probity.
- 29 The Director of Finance is the statutory 151 Chief Finance Officer. Duties include: overall responsibility for financial administration, reporting on any actual or potential instances of illegality in expenditure including unlawful loss or deficiency or illegal items of account, and giving advice to the Council on financial planning.

Data Quality, Risk Management and Fraud

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

Shared Services with Watford Borough Council

- 34 Three Rivers District Council has a shared service for Revenues and Benefits, ICT, Finance, Procurement, and Human Resources with Watford Borough Council.
- 35 From April 2014, the Governance arrangements for shared services changed to a lead authority model. Three Rivers District Council are responsible for providing Finance and Revenues and Benefits, whilst Watford Borough Council are responsible for the provision of ICT, Procurement and Human Resources. Shared Services Operational Board consisting of representatives of senior management from both councils is responsible for these services. The role of the Board covers:
- Monitoring performance and dealing with complaints from either authority.
 - Resolving conflicts between competing interests amongst the authorities.
 - Reviewing the governance arrangements.
 - Dealing with matters referred up to it by the Operations Board.

- Having overall supervision of the Shared Service.
- Receiving annual reports on each service within the shared service.
- Community engagement.

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

Partnership Arrangements

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

West Herts Crematorium is served by a joint committee between Three Rivers District Council, Dacorum Borough Council, St Albans, Hertsmeire, and Watford Borough councils, with Three Rivers District Council taking on lead authority from 1 April 2024.

REVIEW OF EFFECTIVENESS

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

The Council

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

40 The Full Council comprises all 39 Members. They met six times during 2025/26. In addition, there was a meeting of Annual Council. In cases of urgency an extraordinary meeting of the Council can be called by the Chairman and / or the Monitoring Officer under Part 4, Rule 1 of the Constitution. Two extraordinary meetings were held during 2025/26.

The Policy and Resources Committee

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

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

42 Policy and Resources Committee met nine times during 2025/26.

The Service Committees

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

- General Public Services, Community Safety & Infrastructure; and
- Climate Change, Leisure and Housing.

44 The functions of the Service Committees are to:

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

Regulatory Committees

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

Member Allowances

46 Members Allowances are reviewed each year by the Independent Remuneration Panel who then make recommendations to Full Council. From April 2023 allowances increased by 5%. In December 2023 Full Council agreed recommendations from the panel again to increase Member allowances by 5% from April 2024. Further to this, in December 2024,

Full Council agreed to increase Basic and Special Responsibility Allowances from 1 April 2025 by the 12-month Consumer Price Index (CPI), as at September 2024, and to index changes to these allowances in future years by the 12-month CPI as at the previous September, for a period of four years. In addition to this a two-type Care Allowance scheme was approved.

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

Senior Management

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

Procurement

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

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

The Audit Committee

51 Audit Committee comprised nine members and met five times during 2025/26.

52 The role of Audit Committee is to:

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

Internal Audit

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

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

55 In line with Global Internal Audit Standards, an Annual Assurance Statement and Internal Audit Report is compiled and presented to the Audit Committee in the first quarter of the year, which:

- Includes an opinion on the overall adequacy and effectiveness of the Council's financial and non-financial systems,
- Disclosed any qualifications to that opinion, together with any reasons for the qualification,
- Draws attention to any issues which are judged particularly relevant to the preparation of the Annual Governance Statement.

56 The SIAS Assurance Annual Report (May 2026) is a key source document for the Council's Annual Governance Statement. Based on the internal audit work undertaken at the Council in 2025/26, SIAS provided the following opinion on the adequacy and effectiveness of the Council's control environment:

- Reasonable Assurance - There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
- Corporate governance and risk management frameworks substantially comply with the CIPFA/SOLACE best practice guidance on corporate governance. This conclusion is based on the work undertaken by the Council and reported in its Annual Governance Statement for 2025/26.

The Council's External Auditors

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

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

58 In September 2024, the newly appointed Minister of State for Local Government and English Devolution wrote to councils setting out the intention to lay secondary legislation to implement backstop proposals. The backstop for all accounts up to and including 2022/23 was proposed as 13 December 2024 with a further five backstop dates as follows:

- 2023/24 – 28 February 2025
- 2024/25 – 27 February 2026
- 2025/26 – 31 January 2027
- 2026/27 – 30 November 2027
- 2027/28 – 30 November 2028

59 In November 2024, Audit Committee were presented with the Completion Report for the 2020/21, 2021/22 and 2022/23 financial years by Ernst & Young LLP. The report detailed the work completed to provide a disclaimed opinion for the 2020/21, 2021/22 and 2022/23 accounts by the statutory backstop date of 13 December 2024. The report also summarised work undertaken to assess the Council's Value for Money (VfM) arrangements across three key criteria: financial sustainability, governance arrangements and use of information to achieve economy, efficiency and effectiveness. EY confirmed that they had identified no risks of significant weaknesses in arrangements for VfM.

60 In February 2026, Audit Committee were presented with the Audit Completion Report 2024/25. The final report outlined the work that had been completed on the 2024/25 accounts audit including the Value for Money assessment. Key areas had been listed for the 2024/25 audit, but assurance could not be provided due to disclaimed prior year audits and therefore a disclaimed audit opinion was issued for the 2024/25 accounts.

The Financial Management Code of Practice

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

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

SIGNIFICANT GOVERNANCE ISSUES

61. The 'normal' running of Council business has and can be controlled through the governance framework detailed in this report. For 2025/26 the following significant governance issue was identified from the Management Assurance Statements.

62. Local Government Reorganisation - Hertfordshire is currently expected to be part of the currently proposed round of Local Government Reorganisation to move to unitary government from April 2028. This will bring additional risks around staffing and day to day service operation in the period leading to and post reorganisation and require additional consideration of long term commitments, contract and partnership arrangements. These risks will be managed using the Council's Risk Management framework.

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

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

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

65 It is our opinion that the Council's governance arrangements in 2025/26 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2026/27.

Signed _____

Leader of the Council

Date _____

Signed _____

Chief Executive – Joanne Wagstaffe

Date _____

TRDC Annual Governance Statement 2025/26 Action Plan

No.	Issue	Action	Resolved	Updates
1	<p>Local Government Reorganisation</p> <p>Hertfordshire is currently expected to be part of the currently proposed round of Local Government Reorganisation to move to unitary government from April 2028.</p> <p>This will bring additional risks around staffing and day to day service operation in the period leading to and post reorganisation and require additional consideration of long term commitments, contract and partnership arrangements.</p>	<p>Comprehensive staff communications, reassurance and support throughout the process.</p> <p>Active recruitment when posts are vacant with strong succession planning in place.</p> <p>Continue to work in partnership with other Hertfordshire LAs on operational services (e.g. waste) to ensure continuity of services up to, during and post reorganisation.</p> <p>Consideration of reorganisation implications in all contract planning and procurement.</p> <p>Identification and management of risks through the Councils Risk Management Framework.</p>		

TRDC Annual Governance Statement 2025/26 Action Plan

No.	Issue	Action	Resolved	Updates
1	Business Rate Revaluation.	<p>The Council is working closely with LG Futures on its business rate income and has sufficient resources within the Collection Fund Reserve to manage any difference between the level of growth assumed in the MTFS and the floor under the business rate retention system. Three Rivers had the highest increase in business rates as a result of the national revaluation exercise. This was largely due to the increase in Warners Brothers valuation. This gives the Council a significant business rate appeal risk which could impact on the MTFS.</p>		<p>The Council has made significant provision for revaluation as part of its assessment of business rate income.</p> <p>The Government has announced the reset of business rates and fair funding. The Collection Fund Reserve remains strong to manage the risks of changes in resource levels and allow a smoothed transition to any new funding levels.</p>

Financial Management Code Compliance Self-Assessment 2025/26

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
1. Responsibilities of the Chief Finance Officer (CFO) and Leadership Team				
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money (VFM)	Services use peer reviews incorporating benchmarking to inform opportunities to improve VFM. All tenders consider VFM by considering the quality of service and not just price.		GREEN
B	The authority complies with the CIPFA "Statement of the Role of the CFO in Local Government"	The CFO is qualified accountant with significant experience working as an active member of the leadership team. The CFO is a member of Leadership Board and has an influential role with members of the Cabinet, Audit Committee and lead opposition members. Role profiles within the finance team have been refreshed to ensure that the team is suitably resourced and fit for purpose.		GREEN
2. Governance and Financial Management Style				
C	The Leadership Team demonstrates in its actions and behaviours responsibility for governance and internal control	The Governance Group exists to ensure governance and internal control, including driving the production of the Annual Governance Statement (AGS) and Action Plan through the completion of Annual Assurance Statements by the Corporate Management Team.		GREEN
D	The authority applies the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)"	Annual Governance Statement (AGS) includes internal audit opinion on effectiveness of internal control environment and systems of internal control. The Council updates the Local Code of Governance annually.		GREEN

E	The Financial Management style of the authority supports financial sustainability	At the core of the Finance Shared Service is a technical accounting team that provides the accounting framework, treasury management function for the organisation. The budget setting process and support for strategic financial matters is delivered by the Director of Finance and Head of Finance. The Finance Business Partner team provides dedicated support to Heads of Service and budget managers with financial planning and monitoring.	During 2025/26, the Finance Business Partnering model continue to further strengthen relationships between finance and services.	GREEN
Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
3. Long to Medium-Term Financial Management				
F	The authority has carried out a credible and transparent financial resilience assessment	An annual assessment is made for the prudent minimum level of General Balances and this forms the basis of the budget planning process. In addition, the authority holds earmarked reserves to manage specific risks. In making this assessment Officers use the CIPFA Financial Resilience index to benchmark against other local authorities.		GREEN
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	The budget papers and MTFS outline the financial challenges and opportunities facing the Council. Budget planning reports to Policy and Resources Committee clearly set out the financial planning environment and any assumptions made.		GREEN

H	The authority complies with the CIPFA “Prudential Code for Capital Finance in Local Authorities”	An annual Capital and Investment Strategy is set by Council alongside a three-year Capital Investment Programme, Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy. The Capital Programme is monitored monthly with reports produced quarterly for Corporate Management Team and Policy and Resources Committee. Mid-term and Outturn Treasury Management reports are taken to Audit Committee and Cabinet, including monitoring of Prudential Indicators.		GREEN
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	The Council has an integrated Business and Budget Planning Process with a three-year MTFS supported by Service Plans.		GREEN
4. The Annual Budget				
J	The authority complies with its statutory obligations in respect of the budget setting process	The Council produces an annual balanced budget and supporting documentation within the necessary timeframe.		GREEN

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
K	The budget report includes a statement by the CFO on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves	The CFO's Section 25 report forms part of the budget report to Council and includes a commentary of the adequacy of proposed financial reserves.		GREEN
5. Stakeholder Engagement and Business Plans				
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget	The Council's budget priorities are closely linked to the Council's Corporate Framework. The cross-party Policy and Resources Committee considers and comments on the budget proposals prior to Council approval. Specific proposals for service changes are taken through a formal public consultation process as part of the decision making process.		GREEN
M	The authority uses an appropriate documented options appraisal methodology to demonstrate the value for money of its decisions	A business case is required for all capital schemes which sets out alternative options, the reasons for discounting them and benefits of progressing with the scheme. All tenders consider VFM by considering the quality of service and not just price – the appraisal process is documented. Cost estimates for capital projects are subject to robust challenge. Projects are managed within the Council's project management framework and supported by the Council's Top 15 Projects Board which monitors the progress and delivery of strategic and/or high risk projects.		GREEN
6. Monitoring Financial Performance				

N	The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	The quarterly monitoring report to Corporate Management Team and Policy and Resources Committee enables officers and members to respond to emerging risks – the effectiveness was evidenced during 2020/21 and 2021/22 as the Council agreed an in year budget changes to respond to the financial impact of COVID-19. During 2022/23 the reporting framework was enhanced to provide greater transparency through organising appendices by service committee.	.	GREEN
Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
O	The Leadership Team monitors the elements of its balance sheet that pose a significant risk to financial sustainability	The quarterly monitoring report to Policy and Resources Committee includes monitoring of key balance sheet items including balances, reserves, debtors, and cash (including the performance of Treasury Management).	Increase the visibility of relevant balance sheet items for service managers through improving service level reporting on earmarked reserves and aged debtors.	GREEN

7. External Financial Reporting

P	<p>The CFO has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the “Code of Practice on Local Authority Accounting in the United Kingdom” (The Code)</p>	<p>The annual accounts are produced in compliance with The Code. The accounts receive an unqualified audit opinion. Issues raised by external audit have been addressed by Officers, including accounting for infrastructure assets which was a national issue raised by the NAO.</p>	<p>The delay to the audit of the 2020/21, 2021/22 and 2022/23 accounts has impacted on the timeliness of financial reporting. The implementation of the backstop dates resulted in a disclaimed audit opinion for 2021/22, 2022/23 and 2023/24. Due to a build back of the accounts being required by audit a disclaimed opinion was given for 2024/25. Officers will work with external audit to rebuild assurance through the 2025/26 audit onwards.</p>	<p>AMBER</p>
Q	<p>The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions</p>	<p>Leadership Board and Cabinet consider outturn report and year end variances in a timely manner enabling strategic financial decisions to be made as necessary including transfers to reserves and agreed carry forwards for both revenue and capital budgets.</p>		<p>GREEN</p>

**THREE RIVERS DISTRICT COUNCIL
ANNUAL GOVERNANCE
STATEMENT 2025/26**

**LOCAL CODE
OF
GOVERNANCE**

What do we mean by Governance?

1. The International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the 'International Framework') defines governance as follows:

“Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.”

2. The International Framework also states that:

“To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.”

3. Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
4. Governance comprises the systems and processes, and cultures and values, by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads its communities.
5. Good governance leads to: -
 - good management,
 - good performance,
 - good stewardship of public money,
 - good public engagement,
 - good outcomes for citizens and service users.
6. Good governance enables the Council to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk.
7. The Council, along with each and every other local authority, aims to meet the standards of the best and its governance arrangements should not only be sound but also be seen to be sound.

Governance Framework

8. The Council operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes.
9. The Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) drew together a Working Group to compile a framework document entitled “Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016) (‘the Framework’).”
10. This Framework document is intended to be followed as best practice for developing and maintaining a local code of governance and for discharging accountability for the proper

conduct of public business, through the publication of an annual governance statement that will make the adopted practice open and explicit.

11. To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in this Framework. It should therefore develop and maintain a local code of governance/governance arrangements reflecting the principles set out.
12. It is also crucial that the Framework is applied in a way that demonstrates the spirit and ethos of good governance which cannot be achieved by rules and procedures alone. Shared values that are integrated into the culture of an organisation, and are reflected in behaviour and policy, are hallmarks of good governance.

The Council's Commitment

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

The Principles of Good Governance

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

The Seven Core Principles

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

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

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

and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

The core principle is supported by three supporting principles:

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

B. Ensuring openness and comprehensive stakeholder engagement

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

The core principle is supported by three supporting principles:

- a) Openness,
- b) Engaging comprehensively with institutional stakeholders, and
- c) Engaging with individual citizens and service users effectively.

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

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

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

The core principle is supported by two supporting principles:

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

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

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-

making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

The core principle is supported by three supporting principles:

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

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

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

The core principle is supported by two supporting principles:

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

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

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

A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

The core principle is supported by five supporting principles:

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

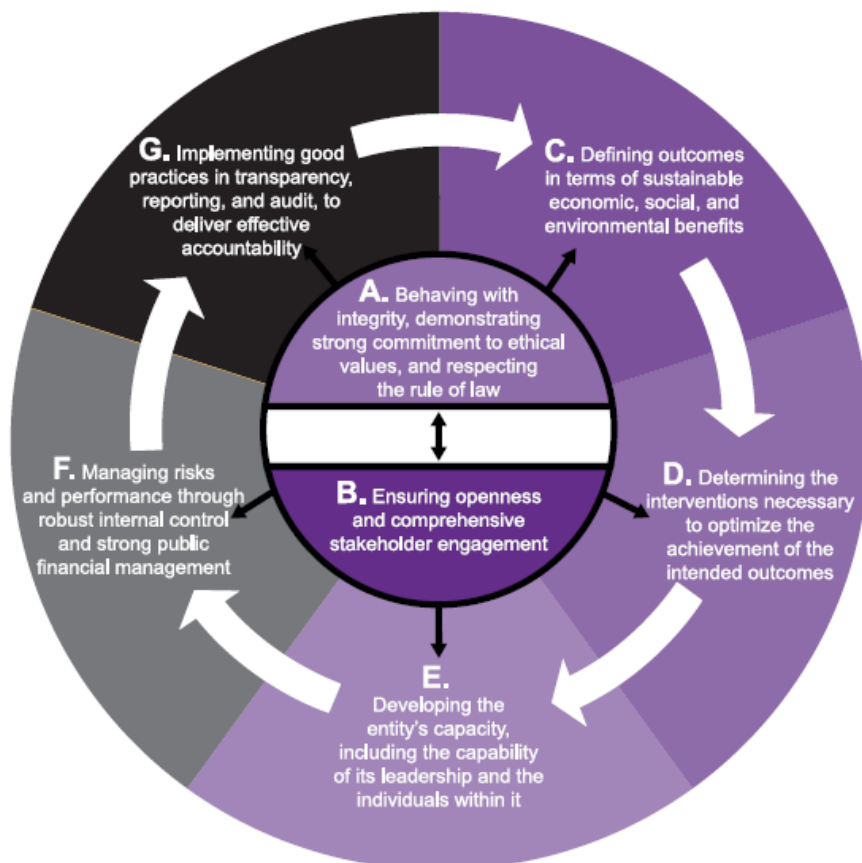
G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

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

The core principle is supported by three supporting principles:

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

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



Monitoring and Review

20. The Council will carry out an ongoing review and monitoring of its governance arrangements (see Appendix A) and how these arrangements comply with the Framework document and this Local Code. This review and monitoring will include references to, amongst other things:

- Heads of Service Management Assurance Statements,
- Constitution Review arrangements,
- Ethics arrangements,
- Shared Internal Audit Service's Annual Report,
- Performance management arrangements,
- Risk management arrangements,
- Council's decision making arrangements,
- Freedom of information and data protection arrangements, and
- Council's complaints procedures (3C's).

21. The results of this process will be incorporated into an Annual Governance Statement (AGS), the preparation and publication of which is necessary to meet the statutory requirement of the Accounts and Audit Regulations 2015.

22. The purpose of the AGS is to provide an assurance that:

- governance arrangements are adequate and operating effectively,
- where the review has revealed gaps, action is planned that will ensure effective governance in future.

23. The AGS will be presented to the Council's Audit Committee.

24. Once approved, the AGS will be signed by the Leader of the Council and the Chief Executive and will be published with the Annual Statement of Accounts, prior to being reviewed by the Council's External Auditors.

May 2026

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

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

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

Movement in Reserves Statement (MIRS)

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

Comprehensive Income and Expenditure Statement (CIES)

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

Balance Sheet

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Council is not able to use to provide services (unusable reserves). This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve) where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement

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

Movement in Reserves Statement

	Notes	General Fund Balance	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 2024 Restated		-4,532	-20,154	-1,805	-16,569	-43,060	-105,530	-148,668
Movement in reserves during 2024/25								
Total Comprehensive Income and Expenditure		1,762	0	0	0	1,762	2,638	4,400
Adjustments between accounting basis and funding basis under statutory provisions	9	-4,105	0	-13	3,314	-805	4,320	3,516
Impact of Consolidation of West Herts Crem		0	-768	0	0	-768	-6,810	-7,578
Transfers to / from earmarked reserves (restated)	39	2,468	-2,468	0	0	0	0	0
Increase (+) or Decrease (-) In Year		125	-3,236	-13	3,314	189	148	338
Balance at 31 March 2025 Restated		-4,408	-23,390	-1,818	-13,255	-42,871	-105,381	-148,330
Movement in reserves during 2025/26								
Total Comprehensive Income and Expenditure		-11,603	0	0	0	-11,603	-70	-11,673
Adjustments between accounting basis and funding basis under statutory provisions	9	7,014	0	-82	-111	6,821	-6,821	0
Impact of Consolidation of West Herts Crem			0			0	0	0
Transfers to / from earmarked reserves	39	3,744	-3,744	0	0	0	0	0
Increase (+) or Decrease (-) In Year		-844	-3,744	-82	-111	-4,781	-6,891	-11,673
Balance at 31 March 2026		-5,253	-27,133	-1,900	-13,365	-47,651	-112,274	-159,925

Comprehensive Income and Expenditure Statement

2024/25 Restated				2025/26			
Gross Expenditure	Income	Net Expenditure	Notes	Gross Expenditure	Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
15,822	-9,532	6,290	General Public Services and Economic Development	13,123	-6,782	6,342	
7,844	-4,779	3,064	Climate Change, Leisure and Community	6,029	-3,296	2,734	
30,089	-20,264	9,825	Policy and Resources	27,963	-20,134	7,829	
2,583	0	2,583	Other Corporate Costs	2,632	0	2,632	
56,337	-34,575	21,762	Cost of Services	49,748	-30,211	19,537	
0	-1,510	-1,510	Other Operating Income	0	-1,451	-1,451	11
8,110	-4,961	3,149	Financing and Investment Income and Expenditure	1,808	-4,964	-3,156	12
0	-21,640	-21,640	Taxation and Non-Specific Grant Income	0	-26,532	-26,532	13
64,447	-62,685	1,762	Surplus (-) or Deficit (+) on Provision of Services	51,556	-63,159	-11,603	5
			Items that will not be reclassified to the Surplus (-) or Deficit (+) on the Provision of Services				
		2,346	Surplus or Deficit on revaluation of non-current assets			0	44
		0	Impairment losses on non-current assets charges to the revaluation reserve			0	44
		292	Remeasurements of the net defined benefit liability (asset)			-70	19
		2,638				-70	
		2,638	Other Comprehensive Income and Expenditure			-70	
		4,400	Total CIES			-11,673	

Balance Sheet

At 31 March 2024 Restated £'000	At 31 March 2025 Restated		Notes	At 31 March 2026 £'000
		Long Term Assets		
117,156	130,999	Property, Plant and Equipment	23	138,037
45,114	41,259	Investment Property	25	42,468
0	37	Surplus Assets	23	37
146	146	Heritage Assets	24	146
0	0	Intangible Assets	26	0
511	511	Long Term Investments	29	511
5,460	1,719	Finance Lease Asset	28	1,719
8,545	8,469	Long Term Debtors	29	8,389
176,932	183,141	Total Long Term Assets		191,308
		Current Assets		
10,778	11,340	Debtors	30	-100,916
26	27	Stock		43
23,117	25,993	Short Term Investments	33	16,399
1,431	10,819	Cash and Cash Equivalents	32	9,255
35,352	48,179	Total Current Assets		-75,219
		Current Liabilities		
-9	-256	Short Term Borrowing	31	-257
-11,245	-21,358	Short Term Creditors and Revenue Receipts in Advance	31	110,679
-3,074	-3,975	Provisions	36	-9,809
-15	-33	Short Term Finance Liability		-51
-1,240	-1,088	Short Term Capital Grants Receipts in Advance		0
-15,583	-26,710	Total Current Liabilities		100,563
		Long Term Liabilities		
-8,000	-14,000	Long Term Borrowing		-14,000
-719	-813	Pension Liability	19	0
-39,385	-41,538	Long Term Finance Liability		-42,721
-6	-6	Long Term Capital Grants Receipts in Advance		-6
-48,110	-56,357	Total Long Term Liabilities		-56,727
148,591	148,252	Net Assets (+) / Net Liabilities (-)		159,925
		Financed from:		
-43,060	-42,870	Usable Reserves	37-41	-47,652
-105,531	-105,382	Unusable Reserves	42-49	-112,274
-148,591	-148,252	Total Reserves		-159,925

Alison Betts, Director of Finance

Date: DATE

Cash Flow Statement

2023/24 Restated £'000		Notes	2025/26 £'000
-4,269 ¹	Net (surplus) or deficit on the provision of services		1,701
-3,875 ¹²	Adjust net surplus or deficit on the provision of services for non-cash movements	49	-18,307
8,503	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	49	6,530
359	Net cash flows from Operating Activities		-10,075
-841	Investing activities	49	6,832
1,747	Financing activities	49	-6,145
1,265	Net increase (-) or decrease (+) in cash and cash equivalents		-9,388
2,696	Cash and cash equivalents at the beginning of the reporting period		1,431
1,431	Cash and cash equivalents at the end of the reporting period		10,819

¹ Restated for PPAs 2 and 4 – See Note 5 – Impact flows through to related totals in the disclosure.

2. Expenditure and Funding Analysis

2024/25 Restated			2025/26		
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
					General Public Services and Economic
2,516	3,774	6,290	4,725	1,617	Development
2,269	796	3,065	2,797	-63	Climate Change, Leisure and Community
7,953	1,872	9,825	4,229	3,600	Policy and Resources
0	2,583	2,583	0	2,623	Other Corporate Costs
12,738	9,024	21,762	11,751	7,777	Service Costs
					Other Income and Expenditure not charged to services
-12,614	-7,387	-20,000	-12,594	-18,537	
124	1,637	1,762	-843	-10,760	Surplus (-) or Deficit (+) on Provision of Services
					Opening General Fund Balance at 1 April
-4,532			-4,408		Add surplus (+) or deficit (-) on the General Fund for the year
124			-843		
-4,408			-5,251		Closing General Fund Balance at 31 March

3. Accounting Policies

2.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year end of 31 March 2026. 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 2025/26 (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.

4. Accounting Standards that have been issued but not yet adopted

Paragraph 3.3.4.3 of the Code of Practice requires that the Council discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2026 for 2025/26).

The standards introduced by the 2025/26 Code where disclosures are required in the 2025/26 financial statements in are:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy as confirmed in paragraph 3.3.1.4.

These changes are not significant and are not expected to have a material effect on the Council's Statement of Accounts

5. 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 2025/26.
- 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.

6. Prior Period Adjustments

Prior Period Adjustments have been made to correct the recognition of the lease for the Wimbledon Income Strip Asset. These corrections arose as a result of findings of the external auditor which were raised too late for inclusion in the final accounts for 2024/25.

The correction is required to correct an error of £3.5m in the valuation of the asset on acquisition. This correction impacts on the initial carrying amount of the asset and the finance lease. It also impacts upon the calculation of the apportionment of headlease payments between interest cost and payments of principal.

As a result of these adjustments the amount apportioned to interest payments in 2022/23, 2023/24 and 2024/25 has increased, and the amount apportioned to payments of principal for each year has reduced correspondingly. The impact of these adjustments has been set against the Earmarked Reserve for Wimbledon, and there is no general fund impact of these changes.

Because Minimum Revenue Provision (MRP) is matched to the calculated principal payment, the adjustments give rise to a notional overpayment of MRP of £xxk as at 31 March 2026. This has been offset in part against the MRP charge for 2025/26, and the remainin balance of xk will be offset against MRP chargesin 2026/27.

7. 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 2026.

The draft Statement of Accounts was authorised for issue by the Section 151 Officer on **DATE** 2026

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 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

8. 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 2026 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Impact
Property, Plant and Equipment (PPE)	<p>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.</p> <p>The Council engaged Align Property Partners, a qualified RICS surveyor, provide valuations of land and building property assets and Surplus 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. Align Property Partners valuation experts work closely with finance officers on all valuation matters.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>The impact of different valuations would have an impact on the value of non-current assets and unusable reserves on the Balance Sheet changing both by the same amount.</p>
Investment Properties	<p>Investment properties are valued annually at fair value (market value). The Council engaged Align Property Partners, a qualified RICS surveyor, to provide valuations of Investment Properties 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. Align's valuation experts work closely with finance officers on all valuation matters.</p>	<p>Significant changes in the assumptions of future income streams/growth; occupancy levels; ongoing property maintenance and other factors could result in a significantly higher or lower fair value for these assets.</p> <p>The impact of different valuations would have an impact on the value of non-current assets and unusable reserves on the Balance Sheet changing both by the same amount.</p>

Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to: the discount rate used; the rate at which salaries are projected to increase; changes in the retirement ages; mortality rates; and expected returns on pension assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The value of pension assets is based upon information available at the Balance Sheet date, but these valuations may be earlier than the Balance Sheet date. The actual valuations at the Balance Sheet date, which may not be available until sometime later, may give a different value of pension assets, but this is not generally considered to be material.</p>	<p>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 £1.326m. A 1 year increase in life expectancy assumptions would increase the closing defined benefit obligation by 3%.</p>
Arrears	<p>At 31 March 2026, the Council had a short-term debtor balance of £14.067m. A review of significant balances suggested a provision for bad debts of £2.727m was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.</p>	<p>If collection rates were to deteriorate an increasing level of doubtful debts would require an additional amount to be put aside as a bad debt provision for additional bad debt write offs.</p>
Non Domestic Rates Appeals Provision	<p>The provision for NDR Appeals includes an assessment of the appeals lodged to 31st March 2026, plus an estimate of the appeals not yet lodged.</p>	<p>There is uncertainty and risk surrounding the calculation of the provision as future events may affect the amount required to settle the obligation. If NDR appeals were to significantly increase, the provision would have to be reassessed and increased. The increased liability would be shared between the Council, Central Government and County Council.</p>

9. Adjustments in the Expenditure and Funding Analysis

2024/25 Restated				2025/26				
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
4,011	-69	-168	3,774	General Public Services and Economic Development	1,793	-260	84	1,617
1,008	-28	-184	796	Climate Change, Leisure and Community	-60	-101	98	-63
980	-159	1,052	1,872	Policy and Resources	2,229	-376	1,748	3,600
0	2,496	87	2,583	Other Corporate Costs	0	2,467	156	2,623
5,998	2,240	786	9,024	Service Costs	3,962	1,729	2,086	7,777
				Other Income and expenditure not charged to services				
971	-2,438	-5,920	-7,387		-8,986	-2,472	-7,079	-18,537
6,969	-198	-5,133	1,637	Surplus (-) or Deficit (+)	-5,024	-743	-4,993	-10,760

10. Adjustments between accounting basis and funding basis under regulations

2024/25					2025/26			
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				
198			-198	Pension Costs transferred to (or from) the Pensions Reserve	743			-743
68			-68	Gain or Loss on the valuation of pooled investment funds	1			-1
2,601			-2,601	Council Tax and Business Rates transferred to the Collection Fund Adjustment Account	994			-994
-4			4	Holiday pay transferred to the Accumulated Balances Account	252			-252
-12,940			12,940	Reversal of entries included in the Surplus of Deficit on the Provision of Services in relation to capital expenditure to the Capital Adjustment Account	-4,157			4,157
				Adjustments between Revenue and Capital Resources				
1,588	-1,588			Transfer of non-current asset sale proceeds to the Capital Receipts Unapplied Reserve	1,454	-1,454		
	1,654		-1,654	Useable Capital Receipts applied to finance capital expenditure		1,451		-1,451
781			-781	Statutory provision for the repayment of debt transferred to the Capital Adjustment Account	662			-662
487			-487	Capital expenditure financed from revenue balances transferred to the Capital Adjustment Account	195			-195
-15		6,429	-6,429	Capital grants and contributions applied			6,762	-6,762
		15		Capital grants and contributions released to revenue	-39		39	
3,130		-3,130		Capital gains and contributions receivable not applied to finance capital expenditure	6,912		-6,912	
-1	1			Administrative costs of non-current asset dispsals (funded by a contribution for the Capital Receipts Reserve)	-2	2		
	-80		80	Adjustments to Capital Resources				
				Net receipts from repayment of loans		-82		82
-4,107	-13	3,314	806	Total	7,015	-83	-111	-6,821

11. Analysis of Income and Expenditure by Nature

2024/25 £'000	Income and Expenditure	2025/26 £'000
-18,532	Fees, charges and other service income	-17,924
-26,645	Government grants and contributions	-26,600
-2,122	Interest and investment income	-2,124
-13,852	Income from council tax and non-domestic rates	-15,035
-1,510	Net gain from the disposal of non-current assets	-1,451
-24	Net interest Income on the pension defined liability	-16
-62,685	Total Income	-63,150
18,085	Employee benefits expenses	18,385
38,668	Other service expenses	31,239
5,639	Depreciation, amortisation, impairments and revaluations	149
2,055	Interest payable and similar charges	1,773
64,447	Total Expenditure	51,547
1,762	Surplus (-) or Deficit (+) on the Provision of Services	-11,603

2024/25 £'000	Fees and Charges by Committee	2025/26 £'000
-8,423	General Public Services and Economic Development	-5,639
-2,570	Climate Change, Leisure and Community	-2,610
-7,539	Policy and Resources	-9,675
-18,532	Total Fees and Charges	-17,924

12. Other Operating Expenditure

	2024/25	2025/26
Other Operating Expenditure	£'000	£'000
Capital Receipts	-1,588	-1,451
Net Capital Receipts	-1,588	-1,451
Total Receipts	-1,588	-1,451
Carrying value of non-current assets derecognised	78	0
Total Disposal costs	78	0
Other Operating Expenditure	-1,510	-1,451
Adjustments between accounting basis and funding basis	1,510	1,454
Net Charge to the General Fund	1	2

13. Financing and Investment Income and Expenditure

	2024/25	2025/26
Financing and Investment Income and Expenditure	£'000	£'000
Interest payable and similar charges	2,055	1,773
Gain or Loss on the valuation of pooled investment funds	-69	-2
Interest receivable and similar income	-2,053	-2,122
Income and Expenditure in relation to investment properties	-2,781	-2,781
Change in fair value of investment properties	6,021	0
Net pensions interest expense	-24	-16
Financing and Investment Income and Expenditure	3,149	-3,147
Adjustments between accounting basis and funding basis	-5,928	18
Net Charge to the General Fund	-2,779	-3,129

14. Taxation and Non Specific Grant Income

	2024/25	2025/26
Taxation & Non Specific Grant Income	£'000	£'000
Council Tax Income	-10,328	-10,685
Non Domestic Rates	-3,525	-4,350
Non Ringfenced Government Grants	-4,657	-4,586
Capital Grants and Contributions	-3,130	-6,912
Total	-21,640	-26,532

15. 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.

	2024/25	2025/26
Members' Allowances	£'000	£'000
Allowances	309	314
Expenses (Travel & Subsistence)	2	4
Total	311	318

16. Audit Fee

	2024/25	2025/26
Audit and Inspection Fees	£'000	£'000
Code of Practice Audit Work	186	191
Other Fees for Prior Years	69	208
Fees payable for other services provided during the year	10	75
Total	265	474

17. 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	
	2024/25	2025/26
50,000-54,999	13	13
55,000-59,999	10	10
60,000-64,999	8	8
65,000-69,999	7	7
70,000-74,999	2	2
75,000-79,999	2	2
80,000-84,999	2	2
85,000-89,999	1	1
90,000-94,999	2	2
105,000-109,999	1	1
150,000-154,999	1	1
Total	49	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.

2025/26						
Post Holder Information	Salary (Including Fees & Allowances)	Compensati on for loss of Office	Employers Pension Contribution	Total Remuneration Including Pension Contributions	Contributions to (+) from (-) Watford Borough Council	Cost to Three Rivers District Council
	£	£	£	£	£	£
Chief Executive	151,543	0	31,803	183,346	0	183,346
Section 151 Officer and Director of Finance*	109,689	0	20,931	130,620	-6,929	123,691
Associate Director of Strategy Partnerships & Housing	84,173	0	16,245	100,418	0	100,418
Associate Director of Customer & Community	85,412	0	16,245	101,657	0	101,657
Associate Director of Legal, Democratic Service & Monitoring Officer	93,563	0	17,819	111,381	0	111,381
Manager & Registrar at West Herts Crem	59,423	0	11,469	70,892	0	70,892
Executive Group Head of HR*	0	0	0	0	28,843	28,843
Total	583,803	0	114,512	698,315	21,913	720,229

* TRDC & WBC shared service staff

2024/25						
Post Holder Information	Salary (Including Fees & Allowances)	Compensati on for loss of Office	Employers Pension Contribution	Total Remuneration Including Pension Contributions	Contributions to (+) from (-) Watford Borough Council	Cost to Three Rivers District Council
	£	£	£	£	£	£
Chief Executive	147,985	0	30,562	178,547	0	178,547
Director of Finance (Section 151 Officer)*	99,435	0	18,952	118,387	-41,426	76,961
Associate Director of Strategy Partnerships & Housing	80,409	0	15,280	95,689	0	95,689
Associate Director of Customer & Community	78,881	0	15,224	94,105	0	94,105
Associate Director of Legal, Democratic Service & Monitoring Officer	74,663	0	14,204	88,867	0	88,867
Manager & Registrar at West Herts Crem	57,974	0	11,189	69,163	0	69,163
Executive Group Head of HR*	0	0	0	0	29,884	29,884
Solicitor to the Council (Monitoring Officer) (left August 2023)	19,246	0	0	19,246	0	19,246
Total	558,593	0	105,411	664,004	- 11,542	652,462

* Shared service staff

18. Exit Packages

Exit packages	2024/25			2025/26									
	Compulsory	Other	Total	Compulsory	Other	Total							
Band (£)	No.	£'000	No.	£'000	No.	£'000	No.	£'000	No.	£'000	No.	£'000	
0 - 19,999	1	18	3	25	4	42	1	18	3	25	4	42	
Total	1	18	3	25	4	42	1	18	3	25	4	42	
Total cost of exit packages in the Comprehensive Income and Expenditure Statement						42							42

19. Grants

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2025/26:

Grant issuing body	Credited to Taxation and Non Specific Grant Income	2024/25	2025/26	Credited to Services	2024/25	2025/26
		£'000	£'000		£'000	£'000
Department for Levelling Up, Housing and Communities	Business Rate - Section 31 Grant	3,855	3,935	Local Council Tax Scheme Admin Grant	-	-
	New Homes Bonus	200	233	Homelessness	715	935
	Employer's National Insurance Grant		146	Shared Prosperity Fund	530	249
	Taxation Income Guarantee Scheme Revenue Support Grant	79	99	New Burdens Funding		
	Services Grant	14	-			
	Funding Guarantee	510	174			
Department for Business, Energy & Industrial Strategy			Decarbonisation Grant	1,013		
Department for Environment Food & Rural Affairs			Extended Producer Responsibility Grant		1,521	
Department for Work and Pensions			Housing Benefit Grant	13,409	10,129	
			Rent Rebate Subsidy	530	380	
			Benefit Admin Grant	179	200	
Various	Other Revenue Grants		Other Revenue Grants	2,483	1,689	
Various	Capital Grants	1,444	5,284			
Various	Developer Contributions & CIL	1,686	1,628			
All Grants	Total	7,788	11,499	Total	18,858	15,102

20. 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	
	2024/25	2025/26
	Restated £'000	£'000
Cost of Services		
Current Service Cost	2,294	1,785
Administration Expenses	0	9
Financing and Investment Income & Expenditure		
Net Interest Expense	-24	-25
Surplus / Deficit on the Provision of Services	2,270	1,769
Other Comprehensive Income and Expenditure		
Return on plan assets	2,598	-1,487
Actuarial gains (-) and losses (+) from demographic assumptions	-1,735	2,540
Actuarial gains (-) and losses (+) from financial assumptions	-12,007	-3,808
Experience gains (-) and losses (+)	-617	-3,189
Other actuarial gains (-) and losses (+)	0	6,398
Impact of the Asset Ceiling	12,053	-524
Remeasurements of the net defined benefit liability (asset)	292	-70
Total retirement benefits charged to the Comprehensive Income and Expenditure Statement	2,562	1,699
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	198	743
Actual amount charged against the General Fund Balance for pensions in the year	2,468	2,512

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:

	2024/25	2025/26
Pension Liability	£'000	£'000
Present value of the defined benefit pension obligation	-89,768	-87,617
Fair value of the plan assets	116,499	116,235
Impact of Asset Ceiling Adjustment	-27,544	-28,618
Total Net Liabilities	-813	0

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

Assets at Fair Value	Local Government Pension Scheme	
	2024/25	2025/26
	£'000	£'000
Opening Balance at 1 April	113,878	116,499
Interest Income	5,516	6,699
Return on plan assets	-2,598	1,487
Other actuarial gains and losses	0	-6,398
Employer Contributions	2,468	2,512
Contributions by scheme participants	865	902
Benefits Paid	-3,630	-5,457
Admin Expenses		-9
Closing balance at 31 March	116,499	116,235

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

Liabilities	Local Government Pension Scheme	
	2024/25	2025/26
	£'000	£'000
Opening Balance at 1 April	-99,823	-89,768
Current Service Cost	-2,294	-1,785
Interest Expense	-4,775	-5,076
Contributions by scheme participants	-865	-902
Actuarial gains and losses - demographic assumptions	1,735	-2,540
Actuarial gains and losses - financial assumptions	12,007	3,808
Experience gains and losses	617	3,189
Benefits Paid	3,630	5,457
Closing balance at 31 March	-89,768	-87,617

Local Government Pension Scheme assets comprised:

Assets	At 31 March 2025		At 31 March 2026	
	£'000	%	£'000	%
Fixed Interest Government Securities				
UK	2,679	2.3%	2,557	2.2%
Overseas	1,281	1.1%	930	0.8%
Index Linked Government Securities				
UK	11,883	10.2%	9,299	8.0%
Overseas	-	0.0%	0	0.0%
Corporate Bonds				
UK	3,262	2.8%	2,790	2.4%
Overseas	5,242	4.5%	3,487	3.0%
Equities				
UK	1,165	1.0%	930	0.8%
Overseas	29,591	25.4%	34,173	29.4%
Property	15,844	13.6%	13,716	11.8%
Hedge fund	5,708	4.9%	6,044	5.2%
Private Equity	10,135	8.7%	8,718	7.5%
Infrastructure	1,980	1.7%	2,092	1.8%
Unit trust	21,436	18.4%	21,387	18.4%
Derivatives	466	0.4%	4,417	3.8%
Insurance Linked Strategies	1,281	1.1%	1,162	1.0%
Private Credit	1,398	1.2%	1,395	1.2%
Cash/Temporary Investments	2,796	2.4%	3,487	3.0%
Net Current Assets				
Debtors	466	0.4%	0	0.0%
Creditors	-116	-0.1%	-349	-0.3%
Net Assets	116,499	100%	116,235	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	
	2024/25	2025/26
Longevity Assumptions:		
Men:		
Longevity from 65 (currently aged 65) (yrs)	21.2	22.8
Longevity from 65 (currently aged 45) (yrs)	21.9	24.3
Women:		
Longevity from 65 (currently aged 65) (yrs)	24.1	24.6
Longevity from 65 (currently aged 45) (yrs)	25.2	26.3
Financial Assumptions:		
Consumer Price Index (CPI) increases	2.90%	2.90%
Rate of increases in salaries	3.90%	3.90%
Rate of increases in pensions and deferred pensions	2.90%	2.90%
Rate for discounting scheme liabilities	5.80%	6.10%
Projected Pension Expense:		
Service Cost	1,680	1,661
Net Interest on the defined Liability / (asset)	- 24	- 67
Administration Expenses		8
Total Loss / (profit)	1,656	1,602
Employer Contributions	2,470	2,239

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%	1,210
0.1% increase in Pension Increase Rate	1%	930
0.1% increase in Salary Increase Rate	0%	64
1 year increase in member life expectancy	3%	3,058

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 £2.239m.

21. Partnership Working

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

2024/25		2025/26		Total Shared Services £'000
Total Cost £'000		Provided by TRDC £'000	Provided by WBC £'000	
Services				
1,586	Local Tax Collection	1,586		1,586
1,796	Housing Benefits	1,796		1,796
1,541	Finance	1,541		1,541
825	Human Resources		825	825
1,587	ICT		1,587	1,587
7,336	Total Expenditure	4,923	2,413	7,336
2,987	Paid by Three Rivers District Council	2,088	899	2,987
4,348	Paid by Watford Borough Council	2,835	1,514	4,348

22. Related Parties

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

Central Government

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

Senior Officers

The Director of Finance was a Director for Hertfordshire Building Control Ltd, which the council has occasional transactions within the normal course of business, including a £38k payment relating to a service-level agreement. The Chief Executive is a shareholder for Hertfordshire Building Control Ltd.

Elected Members

One Councillor's partner is a Councillor for Chorleywood Parish Councillor.

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 Council owns a 50% share of Three Rivers Homes Limited (TRH Ltd). The Chief Executive is a director for Three Rivers Homes Limited, as was the Director of Finance. During 2025/26 there were transactions between TRDC and TRH Ltd within the normal course of business, including an advance of £88k relating to working capital and receipts of £180k relating to repaid working capital facility, £300k relating to a lease agreement and £90k of other income. There is a loan facility in place between Three Rivers District Council and Three Rivers Homes Limited. The balance outstanding was £4m at 31st March 2026. A £2.5m grant payment was made to TRH Ltd on 13th March 2026.

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 was 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 2025/26, Three Rivers received £42k relating to a service-level agreement. There was no annual contribution paid this year.

Key Management – Agency Staff

During 2025/26, Three Rivers District Council paid £68k of agency fees for the Head of Finance post.

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

2025/26	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	104,588	14,666	671	1,424	0	3,089	124,437
Additions	5,027	3,267	0	0	37	1,090	9,421
Revaluation increases (decreases) recognised in the Revaluation Reserve	-4,294	0	0	0	0	0	-4,294
Revaluation increases (decreases) recognised in the Surplus / Deficit on the Provision of Services	-3,937	0	0	0	0	0	-3,937
Impairments	0	-265	0	0	0	0	-265
Derecognition - disposals	0	-2,847	-29	0	0	0	-2,876
Assets reclassified	0	0	0	0	0	0	0
Other movements in cost or valuation	14,693	2,782	0	0	0	0	17,475
Cost or valuation as at 31 March	116,077	17,604	642	1,424	37	4,178	139,961
Depreciation and Impairment as at 1 April	0	-6,841	-441	0	0	0	-7,282
Depreciation charge	-2,424	-1,228	-54	0	0	0	-3,707
Depreciation and impairment written out to the Revaluation Reserve	4,229	0	0	0	0	0	4,229
Derecognition - disposals	0	2,770	29	0	0	0	2,799
Other movements in depreciation and impairment	-2,793	-2,172	0	0	0	0	-4,965
Depreciation and impairment as at 31 March	-988	-7,471	-466	0	0	0	-8,926
Net book Value at 31 March 2024	104,588	7,826	230	1,424	0	3,089	117,156
Net book Value at 31 March 2025	115,088	10,132	176	1,424	37	4,178	131,036

2023/24 Restated	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	5,179 ²	0	0	0	0	0	5,179
Revaluation increases (decreases) recognised in the Surplus / Deficit on the Provision of Services	-1,338 ²⁰	0	0	0	0	0	-1,338
Impairment	0	-104	0	0	0	0	-104
Derecognition - disposals	0	-115	0	0	0	0	-115
Assets reclassified	0	4	0	0	0	-4	0
Other movements in cost or valuation	0	0	0	0	0	0	0
Cost or valuation as at 31 March	104,588	14,666	671	1,424	0	3,089	124,438
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	104,588	7,826	230	1,424	0	3,089	117,156

² Restated for PPA 4 – See Note 5 – impact flows through to related totals in the disclosure

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 2025/26 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	Vehicles, Plant, Furniture & Equipment	Community Assets	Total
	£'000	£'000	£'000	£'000
Carried at Historical Cost		10,305	1,424	11,729
Valued at Current Value as at:				
31-Mar-25	68,444			68,444
31-Mar-24	47,633			47,633
Total Cost or Valuation	116,077	10,305	1,424	127,806

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.

24. Movement in the value of Heritage Assets

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

2023/24		2025/26			
Total £'000		Musical Instrument £'000	Works of Art £'000	Civic Regalia £'000	Total £'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

25. Movement in the value of Investment Properties

Investment Properties	2022/23 Restated £'000	2023/24 Restated £'000	2025/26 £'000
Opening Balance at 1 April	8,988	48,654	48,614
Additions	42,900 ³		
Lease Remeasurement Impact			2,356
Net gain (+) / losses from fair value adjustments	-93	-40 ⁴	-6,021
Assets reclassified to / from Investment Properties	-3141		
Closing balance at 31 March	48,654	48,614	44,989

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 the Council's managing agents.

³ Restated for PPA 1 – See Note 5 – impact flows through to related totals and following year

⁴ Restated for PPA 2 – See Note 5 – impact flows through to related totals and following year

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 2026 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.

26. Movement in the value of Intangible Assets

	2024/25 £'000	2025/26 £'000
Expenditure on Software Licences	12	0
Written out in year of acquisition	-12	0
Net Book Value at 31 March	0	0

27. Capital Expenditure, Financing and Commitments

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed below.

	2023/24 Restated	2024/25 Restated	2025/26
Capital Financing	£'000	£'000	£'000
Capital Financing Requirement as at 1 April	67,745	78,673	104,120
Adjustment to CFR for Consolidation Entries		5,700	5,700
Capital Investment:			
Property, Plant and Equipment	2,380	8,294	6,769
Assets under construction	276.7295	1,090	151
Infrastructure Assets	85.2705	0	268
Intangible Assets	27	12	0
Revenue Expenditure Funded from Capital Under Statute	1,151	-1,203	4,008
Suplus Assets	0	37	0
Long Term Debtors	3450	0	
Impact of lease remeasurement	0	2,166	1,209
	7,370	10,396	12,405
Sources of Finance:			
Capital receipts	863	1,574	-1,451
Government Grants and Other Contributions (including S106)	1942	6,429	-6,762
Capital Expenditure funded from the Revenue Account	236	487	-195
Repayment of loans treated as capital receipts	48	80	0
Minimum Revenue Provision	468.99836	781	-662
	3557.99836	9,351	-9,070
Increase (+) / decrease (-) in Capital Financing Requirement	10,928	25,447	9,035
Capital Financing Requirement at 31 March	78,673	104,120	113,155

28. 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	2025/26
	£'000	£'000
27 - 30 Hartfield Road, SW19 3SG	43,100	39,700
Total	43,100	39,700

Right of Use Assets

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

Council as Lessee - Right of Use Assets	Investment Property	Total
	£000	£000
Balance at 1 April 2025	43,100	43,100
Revaluations	-5,756	-5,756
Lease Remeasurment	1,209	1,209
Balance at 31 March 2026	38,554	38,554

Transactions Under Leases

Transactions Under Leases	2024/25	2025/26
	£000	£000
Operating Leases		
Interest Expense on Lease Liabilities	1,418	1,580
Income from subletting right of use assets	-1,988	-2,133
Cash flow statement		
Minimum Lease Payments		

Maturity Analysis of Lease Liabilities

Maturity Analysis of Lease Liabilities	2024/25	2025/26
	£000	£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 Liabilites	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:

Maturity Analysis of Lease Receivables	2024/25	2025/26
	£000	£000
Less than one year	2,964	4,591
One to two years	2,787	2,947
Two to three years	2,851	2,820
Three to four years	2,855	2,353
Four to Five Years	2,855	2,344
More than 5 years	61,019	52,498
Total undiscounted receivables	75,330	67,553

29. Long Term Debtors

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

	At 31 March 2025	At 31 March 2026
	£'000	£'000
Charges to Registered Properties	22	22
Loan - Grapevine	4,035	3,971
Loan - Bury Lake Young Mariners Base	855	835
Building Control	107	62
LT Loan WCHT - Foxgroves Path	3,450	3,450
Finance Lease Receivables	1,719	1,719
Working Capital Loans	0	50
Total	10,188	10,108

30. Short-Term Debtors

	At 31 March 2025 £'000	At 31 March 2026 £'000
Government Departments	3,776	30,430
Other Local Authorities	2,400	2,102
Payments in Advance	916	1,289
Bodies external to general government (i.e. all other bodies)	6,975	-127,923
	14,067	-94,103
Less Impairment Allowance Account	-2,727	-6,814
Total	11,340	-100,917

31. Creditors

	At 31 March 2025 £'000	Balance at 31 March 2026 £'000
Receipts in Advance		
Government Departments	-226	-226
Other Entities & Individuals	-3,076	-2,762
	-3,303	-2,988
Creditors		
Government Departments	-9,494	-3,171
Other Local Authorities	-4,778	119,557
Other Entities & Individuals	-3,782	-2,718
	-18,055	113,668
Short Term Creditors and RIA	-21,358	110,680
Total	-21,358	110,680

32. Cash and Cash Equivalents

	At 31 March 2025 £'000	At 31 March 2026 £'000
Cash at bank and in hand(+)/Overdrawn (-)	10,819	9,255
Total	10,819	9,255

33. Short Term Investments

	At 31 March 2025 £'000	At 31 March 2026 £'000
Royal London Asset Management Cash Plus Fund	5,001	5,003
Short Term Deposits	19,107	9,511
West Herts Crematorium - Public Sector Deposit Fund	1,885	1,885
Total	25,993	16,399

34. Financial Instruments

At 31 March 2025		Financial Assets	At 31 March 2026	
Short Term £000	Long Term £000		Short Term £000	Long Term £000
Carried at Amortised Cost				
10,819	0	Cash and Cash Equivalents	9,255	0
10,424	8,469	Debtors	-102,205	8,389
20,992	1,719	Investments	11,396	1,719
42,235	10,188	Total at Amortised Cost	-81,553	10,108
Carried at Fair Value through Profit & Loss				
5,001	511	Investments	5,003	511
5,001	511	Total at Fair Value through Profit and Loss	5,003	511
916	0	Non-Financial Assets*	1,289	0
48,152	10,699	Total	-75,261	10,619

At 31 March 2025		Financial Liabilities	At 31 March 2026	
Short Term £000	Long Term £000		Short Term £000	Long Term £000
Carried at Amortised Cost				
-256	-14,000	Borrowing	-257	-14,000
-18,055	0	Creditors	113,668	0
-18,311	-14,000	Total at Amortised Cost	113,411	-14,000
-3,303	-6	Non-Financial Liabilities*	-2,988	-6
-21,614	-14,006	Total	110,423	-14,006

*Non-Financial Assets and Liabilities are made up of short- or long-term payments/receipts in advance.

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 2025 £'000	Fair Value At 31 March 2025 £'000	Balance Sheet At 31 March 2026 £'000	Fair Value At 31 March 2026 £'000
Financial liabilities held at amortised cost:					
Long-term loans from PWLB	2	14,000	3,713	14,000	3,713
		0	0		
Total		14,000	3,713	14,000	3,713
Liabilities for which fair value is not disclosed *		26,684		-100,608	
Total Financial Liabilities		40,684		-86,608	
Recorded on balance sheet as:					
Short-term creditors		18,055		-113,668	
Short-term borrowing		256		257	
Short-term provisions		3,975		9,809	
Short term - Receipts in Advance		4,391		2,988	
Long-term borrowing		14,000		14,000	
Long-term creditors - Receipts in Advance		6		6	
Total Financial Liabilities		40,684		-86,608	

*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 2025 £'000	Fair Value At 31 March 2025 £'000	Balance Sheet At 31 March 2026 £'000	Fair Value At 31 March 2026 £'000
Financial assets held at amortised cost:					
Long Term Debtors to Third Parties	2	8,469	5,411	8,389	5,411
Total		8,469	5,411	8,389	5,411
Assets for which fair value is not disclosed *		48,663		-74,750	
Total Financial Assets		57,132		-66,361	
Recorded on balance sheet as:					
Short Term Debtors		11,340		-100,916	
Short Term Investments		25,993		16,399	
Cash and cash equivalents		10,819		9,255	
Long Term Debtors		8,469		8,389	
Long Term Investments		511		511	
Total Financial Assets		57,132		-66,361	

Financial Instruments – Income, Expenses, Gains or Losses

2024/25 Financial Liabilities		2024/25 Financial Assets			Total £'000		2025/26 Financial Liabilities		2025/26 Financial Assets			Total £'000
Liabilities at amortised cost £'000	Assets at amortised cost £'000	Assets at fair value through Other Comprehensive Income £'000	Assets at fair value through profit and loss £'000	Liabilities at amortised cost £'000			Assets at amortised cost £'000	Assets at fair value through Other Comprehensive Income £'000	Assets at fair value through profit and loss £'000			
520	0	0	0	520	Interest Expense			194			0	194
					Total expense in Surplus or Deficit on the Provision of Services							
520	0	0	0	520				194	0	0	0	194
				0								0
0	-2,053	0	0	-2,053	Interest Income				-2,122		0	-2,122
0	0	0	-69	-69	Increases in fair value					0	-2	-2
					Total income in Surplus or Deficit on the Provision of Services							
0	-2,053	0	-69	-2,122				0	-2,122	0	-2	-2,124
				-1,602	Net gain (-) / loss (+) for the year							-1,930

35. 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 2025 £000	Maturity Profile	At 31 March 2026 £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 2025 £000	Maturity Profile	At 31 March 2026 £000
24,050	Less than 1 year	24,050
0	More than 1 year	0
24,050		24,050

The council manages its exposure to credit risk from trade receivables with its sundry debts recovery policy. The council's standard payment terms are 21 days, after which, communications are issued to the relevant counterparty. If these reminders are unsuccessful then, depending on the judgement of officers concerning the intricacies of the debt, enforcement action will be taken against the individual counterparty to recover said debt.

The following analysis summarises the Council's aged debtors, by due date as at 31st March 2026:

Aged Debtors	At 31 March 2025 £000	At 31 March 2026 £000
Less than 3 months	492	492
Between 3 and 6 months	71	71
Between 6 month and 1 year	45	45
More than 1 year	150	150
Total	758	758

In furtherance of the Council's objectives, it has lent money to several counterparties (i.e. 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 2025 £000	Sensitivity Analysis	At 31 March 2026 £000
140	Investments - 1% Increase	140
0	Borrowings - 1% Increase	0
140	Net impact on CIES	140

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

36. Provisions

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

	Balance at 31 March 2025 £'000	Additional provisions made in 2025/26 £'000	Amounts used in 2025/26 £'000	Unused amounts reversed in 2025/26 £'000	Balance at 31 March 2026 £'000
Land Charges	-87	0	0	0	-87
Business Rates	-3,887	0	0	-5,834	-9,721
Total	-3,975	0	0	-5,834	-9,809

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

Land Charges

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

NDR Appeals

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

37. Movement in Useable Reserves

	31 March 2025 £'000	31 March 2026 £'000
Usable Reserves (Restated)		
General Fund	-4,409	-5,253
Earmarked Reserves	-23,389	-27,133
Useable Capital Receipts Reserve	-1,818	-1,900
Capital Grants and Contributions Reserve	-13,254	-13,365
Total	-42,870	-47,651

38. General Fund

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

	2024/25 £'000	2025/26 £'000
Balance at 1 April	-4,532	-4,408
Net increase / decrease before transfers to Earmarked Reserves		
Transfer to / from Earmarked Reserves	2,468	3,744
Balance at 31 March	-4,408	-5,253

39. Earmarked Reserves

This note sets out the amounts set aside from the General Funding earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2025/26.

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 2024	In year movement 2024/25 Restated	Balance at 31 March 2025 Restated	In year movement 2025/26	Balance at 31 March 2026
	£'000	£'000	£'000	£'000	£'000
Section 106 Commuted Sums	-1,006	74	-932	372	-560
Future Capital Expenditure	-158	-13	-171	0	-171
New Homes Bonus	-223	223	0	0	0
Building Control	-350	-1	-351	-21	-372
Leavesden Hospital Open Space	-769	15	-754	20	-734
Environmental Maintenance Plant	-92	0	-92	0	-92
Economic Impact	-1,713	183	-1,530	483	-1,047
High Street Innovation Fund	0	0	0	0	0
NNDR Collection Fund	-3,050	-3,230	-6,280	-4,887	-11,167
Benefits equalisation	-79	34	-45	193	148
Commercial Reserve	-7,992	-529	-8,521	-722	-9,243
Planning Reserve	0	-88	-88	-32	-120
Grants and Contributions	-1,245	-223	-1,468	-708	-2,176
Local Government Reform	0	0	0	-1,063	-1,063
West Herts Crematorium - General	0	0	0	-300	-300
West Herts Crematorium - Repair and Renewal	0	0	0	-237	-237
Total Earmarked Reserves	-16,676	-3,556	-20,232	-6,901	-27,133

40. Capital Receipts Reserve

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

	2024/25	2025/26
	£'000	£'000
Balance at 1 April	-1,805	-1,818
Net receipts from sale of assets	-1,588	-1,454
Release of deferred capital receipts	0	0
Net receipts from repayment of loans	-80	-82
Receipts applied to finance capital expenditure	1,654	1,451
Balance at 31 March	-1,818	-1,900

41. Capital Grants Unapplied Reserve

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

	2024/25	2025/26
	£'000	£'000
Balance at 1 April	-10,868	-13,254
Applied during the year	1,958	-6,801
Recognised as income but not applied during the year	-7,659	6,912
Balance at 31 March	-16,569	-13,144

42. Movement in Unusable Reserves

Unusable Reserves	31 March 2025	31 March 2026
	£'000	£'000
Pooled Fund Adjustment Account	-248	-249
Pensions Reserve	813	0
Revaluation Reserve	-66,308	-66,308
Deferred Capital Receipts Reserve	-1,713	-1,713
Capital Adjustments Account	-37,752	-42,583
Collection Fund Adjustment Account	-427	-1,421
Accumulated Absences Account	252	0
Total	-105,382	-112,274

43. Capital Adjustment Account

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

The Account contains accumulated gains/losses on Investment Properties.

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

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

2024/25 Restated		Capital Adjustment Account	2025/26	
£'000	£'000		£'000	£'000
	-33,381	Balance as at 1 April		
0		Adjustment for Consolidation of West Herts Crematorium		
0		Balance After Consolidation		
		Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (CIES):		
3,707		Charges for depreciation for non-current assets		
265		Charges for impairment for non-current assets		
		Revaluation losses / subsequent gains on Property, Plant and		
1,655		Equipment		
12		Amortisation of Intangible Assets		
1,203		Revenue Expenditure funded from capital under statute		
		Amounts of non-current assets written off on disposal or sale as		
78		part of the gain/ loss on derecognition		
	-6,919	Adjusting amounts written out of the Revaluation Reserve:		
		Difference between fair value depreciation and historical cost		
-1,180		depreciation		
-49		Accumulated gains on assets sold or scrapped		
	1,229	Capital Financing applied in year:		
		Use of the Capital Receipts Reserve to finance new capital		
-1,574		expenditure		
		Application of grants to capital financing from the Capital Grants		
-6,429		Unapplied account		
-80		Repayment of loans treated as capital receipts		
		Statutory provision for the financing of capital investment		
-781		charged against the General Fund balance		
-487		Capital expenditure charged against the General Fund balance		
	9,351			
	6,021	Movements in the market value of Investment Properties debited or credited to the CIES		
	80	Repayment of loans treated as capital receipts		
-30,430		Total Balance at 31 March		

44. Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The Balance is reduced when assets with accumulated gains are:

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

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

2024/25		Revaluation Reserve	2025/26	
£'000	£'000		£'000	£'000
	-69,883	Balance as at 1 April		
3,804		Revaluation of assets		
-6,150		Impairment of assets		
		Surplus or deficit on revaluation of non current assets not posted to the Surplus or		
	-2,346	Deficit on the Provision of Services		
		Difference between fair value depreciation and historical cost depreciation		
-1,180		Accumulated gains on assets sold or scrapped		
		Amounts written off to the Capital Adjustment Account		
	-1,229			
	-73,459	Total Balance at 31 March		

45. Deferred Capital Receipts

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

	2024/25	2025/26
Deferred Capital Receipts Reserve	£'000	£'000
Balance as at 1 April	-5,228	-1,713
Amounts related to extinguished finance leases written out	-3,516	0
Balance as at 31 March	-8,744	-1,713

46. Collection Fund Adjustment Account

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

	2024/25	2025/26
	£'000	£'000
Collection Fund Adjustment Account		
Balance as at 1 April	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	-2,601	
Balance as at 31 March	-427	

47. Accumulated Absences Account

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

	2024/25	2025/26
	£'000	£'000
Accumulated Absences Account		
Balance as at 1 April	248	252
Settlement or cancellation of previous year's accrual	-248	-252
Amount accrued at the end of the current year	252	505
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in the year under statute	4	252
Balance as at 31 March	252	505

48. Pension Reserve

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

	2024/25	2025/26
	£'000	£'000
Pension Reserve		
Balance as at 1 April	-5,895	813
Net charge made for retirement benefits in accordance with IAS19	-150	743
Remeasurements of the new defined liability	6,764	70
Balance as at 31 March	719	1,626

49. Pooled Fund Adjustment Account

2024/25 £'000		2025/26 £'000
-180	Balance at 1 April	-248
	Increase in value of assets held at Fair	
-69	Value through Profit and Loss	-2
-248	Balance at 31 March	-249

50. Notes to the Cashflow Statement

Non-cash Movements	2024/25 £'000	2025/26 £'000
Depreciation/amortisation of fixed assets	-3,719	
Impairment charges/revaluation losses (-) Gains (+)	-1,920	
Retirement benefit adjustments	198	
Provisions set aside in the year	-901	
Deferred capital receipts	0	
Movement in value of Pooled Funds	69	
Movement in value of investment properties	-6,021	
Carrying amount of non-current asset sold	-78	
Other non cash adjustment	-2,600	
Increase/decrease(-) in inventories	1	
Increase/decrease(-) in debtors	-1,325	
Increase(-)/decrease in creditors	-2,011	
Total adjustments for non-cash movements	-18,307	

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

	2024/25 £'000	2025/26 £'000
- Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,588	
Gains on loans & receivables	0	
Capital Grants credited to surplus or deficit on the provision of services	3,130	
-Cash adjustment	1,813	
Total	6,530	

Investing Activities	2024/25	2025/26
	£'000	£'000
Purchase of property, plant and equipment, investment property and intangible assets	9,433	
Purchase of short-term and long-term investments	3,545,236	
Other payments for investing activities	6	
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-1,588	
Capital grants	-2,978	
Proceeds from short-term and long-term investments	-3,543,196	
Other receipts from investing activities	-82	
Total adjustments for investing activities	6,832	

Financing Activities	2024/25	2025/26
	£'000	£'000
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet service concession arrangements	56	
Other payments for financing activities	-6,201	
Total adjustments for financing activities	-6,145	

51. Contingent Assets

There are no contingent assets to disclose at 31 March 2026.

52. Contingent Liabilities

53. Going Concern

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

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).

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 2025/26.

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 £2,199.87 (£2,098.54 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 Movement in Reserves Statement

Group Comprehensive Income and Expenditure Statement

Group Balance Sheet

Alison Betts, Director of Finance

Date:

Group Cash Flow

1. The Group Accounting Policies

The Group Accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2025/26 using the equity method for Joint Ventures under International Accounting Standard 28, Interests in Joint Ventures, and using the line-by-line consolidation method for subsidiaries under International Accounting Standard 27, Consolidated and Separate Financial Statements. There are no material subsidiaries or associated organisations excluded from the Group Accounts. There are no material differences in the accounting policies of the Council or any of the companies or organisations forming part of the Group Accounts.

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

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

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

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

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

3. Related Party Transactions

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

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

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.

