

Three Rivers District Council

Statement of Accounts 2023/24

26 February 2025

Contents	1
Statement of Responsibilities	3
Authorisation of the Statement of Accounts.....	4
Narrative Statement	5
Annual Governance Statement	14
Explanation of Core Financial Statements	44
Core Financial Statements	45
Movement in Reserves Statement.....	45
Comprehensive Income and Expenditure Statement	46
Balance Sheet	47
Cash Flow Statement	48
Notes to the Financial Statements	49
1. Expenditure and Funding Analysis.....	49
2. Accounting Policies.....	50
3. Accounting Standards that have been issued but not yet adopted	66
4. Critical Judgements in Applying Accounting Policies.....	66
5. Prior Period Adjustments	67
6. Events after the Balance Sheet date	67
7. Assumptions Made About the Future and Other Major Sources of Uncertainty	68
8. Adjustments in the Expenditure and Funding Analysis.....	70
9. Adjustments between accounting basis and funding basis under regulations	71
10. Analysis of Income and Expenditure by Nature	72
11. Other Operating Expenditure	73
12. Financing and Investment Income and Expenditure.....	73
13. Taxation and Non Specific Grant Income.....	73
14. Members Allowances	74
15. Audit Fee	74
16. Senior Officer Remuneration.....	75
17. Exit Packages	77
18. Grants.....	78
19. Defined Benefit Pension Scheme.....	79
20. Joint Operations.....	85
21. Partnership Working	85
22. Related Parties	86
23. Movement in the value of Property, Plant and Equipment.....	87
24. Movement in the value of Heritage Assets	90
25. Movement in the value of Investment Properties.....	90
26. Movement in the value of Intangible Assets	91
27. Capital Expenditure, Financing and Commitments.....	91
28. Leases	92

Contents

29.	Long Term Debtors	94
30.	Short-Term Debtors	94
31.	Creditors	95
32.	Cash and Cash Equivalents	95
33.	Short Term Investments	96
34.	Financial Instruments	96
35.	Disclosure of Nature and Extent of Risk Arising from Financial Instruments	97
36.	Provisions	101
37.	Movement in Useable Reserves	102
38.	General Fund	102
39.	Earmarked Reserves	102
40.	Capital Receipts Reserve	103
41.	Capital Grants Unapplied Reserve	104
42.	Movement in Unusable Reserves	104
43.	Capital Adjustment Account	104
44.	Revaluation Reserve	106
45.	Deferred Capital Receipts	106
46.	Collection Fund Adjustment Account	107
47.	Accumulated Absences Account	107
48.	Pension Reserve	107
49.	Pooled Fund Adjustment Account	108
50.	Notes to the Cashflow Statement	109
51.	Contingent Assets	111
52.	Contingent Liabilities	111
53.	Going Concern	111
Collection Fund		112
	CF 1 Council Tax Payers	113
	CF2 Business Rate Payers	114
Group Accounts		115
	Group Movement in Reserves Statement	115
	Group Comprehensive Income and Expenditure Statement	116
	Group Balance Sheet	117
	Group Cash Flow	118
Notes to the Group Accounts		119
	1. The Group Accounting Policies	119
	2. Three Rivers District Council's share of Joint Venture Company within the Group	119
	3. Related Party Transactions	120
	4. Three Rivers Homes LTD Members' Capital Contributions (Loans)	120
Independent Auditor's Report to the members of Three Rivers District Council		121
Glossary of Terms		121

The Council's Responsibilities

The Council is required to:

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

The Chief Financial Officer's Responsibilities

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

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

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

The Director of Finance has also:

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

The Statement of Accounts presents a true and fair view of the financial position of Three Rivers District Council as at 31 March 2024 and its income and expenditure for the year ended 31 March 2024

Signed

Date 26 February 2025

Alison Scott CPFA
Director of Finance

Signed

Date 26 February 2025

Councillor Tony Humphries
Chairman of Audit Committee

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

The following Statement of Accounts give an overview of the Council's finances for 2023/24. I am pleased to be able to report that the Council has continued to maintain its strong financial position, which shows that there is a high standard of financial management and stewardship of the Council's resources.

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

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

The latest amendment to the Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment Regulations) 2022 was laid before parliament on 30 June 2022 and came into force on 22 July 2022. This requires local authorities to publish draft accounts for 2023/24 by 31 May 2024 and commence the public inspection period on or before the first working day of June 2024. The deadline for conclusion of the audit and publication of audited accounts is 30 September 2024.

This final statement of accounts was authorised for issue by the Section 151 Officer on 26 February 2025.

Signed

Date: 26 February 2025

Alison Scott, CPFA
Director of Finance

1. Corporate Framework

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

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



Provide responsive and responsible local leadership



Expand our position as a great place to do business



Support and enable sustainable communities



Achieve net carbon zero and be climate resilient

A great place to live, work and visit

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

- Environment
- Social
- Economic

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

2. Organisational Leadership and Governance

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

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

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

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

3. Financial Outlook

This section covers the 2023/24 year end position and looks forward to 2024/25 and the related Medium Term Financial Plan (MTFP) for 2024/25 to 2026/27.

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

The development of the MTFP is supported by annual budget consultations and provide input as to the Council's work and areas of expenditure. The Council has retained a prudent minimum balance of the general fund of £2.000m.

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

	2023/24	2024/25	2025/26	2026/27
Movement on General Fund Balance	Outturn	Budget	Budget	Budget
	£000	£000	£000	£000
Balance Brought Forward at 1 April	(4,967)	(4,496)	(4,166)	(4,147)
Revenue Budget (Surplus)/Deficit for Year	471	53	19	66
Carry Forwards		277		
Closing Balance at 31 March	(4,496)	(4,166)	(4,147)	(4,081)

In addition to the General Fund Reserve, the Council has an Economic Impact Reserve. The balance on the Economic Impact Reserve is forecast to be £1.140m at the end of the MTFP period.

	2023/24	2024/25	2025/26	2026/27
Movement on Economic Impact	Outturn	Budget	Budget	Budget
	£000	£000	£000	£000
Balance Brought Forward at 1 April	(1,618)	(1,435)	(1,287)	(1,140)
COVID-19 Impact for Year	183	148	147	0
Closing Balance at 31 March	(1,435)	(1,287)	(1,140)	(1,140)

The overall MTFP indicates a budget requirement (net expenditure) for 2024/25 of £14.159m. Funding for this will come from a number of sources. The table below sets out the summary of the MTFP plus forecast funding.

Climate Change, Leisure and Community	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
Community Partnerships	1,022	1,028	1,032
Leisure	1,220	1,224	1,226
Sustainability and Climate	309	334	359
Total	2,551	2,586	2,617
General Public Services and Economic Development	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
Housing	423	457	481
Economic Development and Planning Policy	524	537	532
Public Services	2,935	2,940	2,900
Total	3,882	3,933	3,912
Policy and Resources	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
Resources and Leader	6,989	6,855	6,872
Garages and Shops	(1,300)	(1,300)	(1,300)
Investment Properties	(950)	(982)	(982)
Vacancy Provision	(180)	(180)	(180)
Salary Contingency	712	905	1,125
Total	5,270	5,298	5,534

Corporate Costs		Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
Corporate Costs		2,456	2,596	2,582
Total		2,456	2,596	2,582
Total Net Expenditure		14,159	14,413	14,646
Funding		Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
Council Tax Base (No.)		39,851	40,249	40,652
Council Tax Base Increase (%)		1	1	1
Band D Council Tax (£)		200.37	206.36	212.53
Council Tax Increase - TRDC (%)		2.99%	2.99%	2.99%
Council Tax		(7,985)	(8,306)	(8,640)
<i>Parish Precepts</i>		(2,501)	(2,501)	(2,501)
Total Taxation		(10,485)	(10,806)	(11,140)
Business Rates		(2,819)	(2,795)	(2,795)
Collection Fund Surplus		85	0	0
New Homes Bonus Grant		(100)	(95)	(95)
Government Funding		(589)	(500)	(500)
Dividend		(50)	(50)	(50)
Total Grant Funding		(3,473)	(3,440)	(3,440)
Total Taxation & Grant Funding		(13,959)	(14,246)	(14,580)
Use of Reserves		Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
(Surplus)/Deficit for Year		201	167	66
Planned Use of Economic Impact Reserve		(148)	(148)	0
(Surplus) / Deficit from General Balances		53	19	66

Business rates

Business rates are collected by the Council, and the proceeds are shared between the District and County Council, and also with central Government to fund services. There is an element of risk and reward involved in the Business Rates scheme, which is designed to incentivise Councils to promote business growth within their areas. The Council expects its share of business rates to be £1.995m in 2024/25 before growth. The business rates retention scheme is volatile and estimating the outturn is complex due to factors such as appeals, demolitions, new builds, occupation and reliefs. The 2023 revaluation had a considerable impact on Three Rivers and the forecast takes a prudent approach given a higher than average risk of appeals.

Business Rates Pooling

For 2024/25 there will be a business rate pool for Hertfordshire however, because of the significant appeal risk Three Rivers has as a result of the 2023 revaluation, Three Rivers is not part of the pool for 2024/25.

New Homes Bonus

New Homes Bonus is a non-ring-fenced grant relating to the number of new homes delivered in a local authority area that may be used at the discretion of the Council for either capital expenditure or to support the revenue account (or combination). For 2024/25, based on the provisional settlement, the Council expects to receive £0.1m.

Council Tax for 2024/25

The Council needs to set a budget that gives an acceptable level of council tax and is balanced in the medium to long term using the resources at its disposal. A council tax increase of 2.99% per Band D equivalent has been assumed for 2024/25 and subsequent years.

Council Tax Base

The Council Tax base for 2024/25 was set at the Council meeting on the 13 December 2022 and totalled 39,851 assuming a collection rate of 99%.

Local Council Tax Reduction Scheme

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

Collection Fund

The Collection Fund is a statutory requirement to account separately for Council Tax and Business Rates. The Fund records all transactions such as the yield, exemptions, discounts, provisions for bad debts, payments to major preceptors to Central Government and takes into account collection rates. Any balance on this fund at 31 March is to be distributed to the Council as the Billing Authority, the major preceptors and Central Government.

Capital Programme

The latest capital programme included in MTFP shows schemes totalling £12.904m in 2024/25 including rephasing from 2023/24, £3.389m in 2025/26, and £3.347m in 2026/27.

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

- Disabled Facility Grants - £1.758m
- Waste and Recycling Vehicles - £2.400m
- Replacement Grounds Maintenance Vehicles – £1.620m
- Garage Improvements - £0.450m

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

Government Grants & Other Contributions:

These are grants for specific purposes which may be available from the Government, e.g. Disabled Facility Grants and Local Authority Housing Fund. The Council can also attract partnership funding from other local authorities and agencies such as lottery funding.

Section 106 Contributions:

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

Capital Receipts Reserve:

Capital receipts are derived when selling assets such as land and/or buildings. The main receipt relates to the arrangements made when the Council sold its housing stock to Thrive Homes Ltd in 2008; the Transfer Agreement included a Right to Buy (RTB) Sharing Agreement whereby the Council is entitled to a share of the post-transfer receipts from RTB sales and a 'VAT Shelter Agreement' whereby the Council benefits from the recovery of VAT on continuing works carried out by Thrive.

Revenue Contributions:

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

Future Capital Expenditure Reserve:

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

New Homes Bonus Reserve:

New Homes Bonus is a grant relating to the number of new homes delivered in a local authority area. There are no government restrictions on whether this is capital or revenue, nor is there any ring-fence imposed.

Borrowing:

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

Future Investment

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

- Schemes that generate a financial surplus for the Council; and in particular those that increase the supply of housing locally (for example through the joint ventures with Watford Community Housing and Thrive).
- Schemes that generate revenue budget savings for the Council.
- Schemes that allow the Council to benefit from future economic regeneration potential within the local area; especially those that attract additional investment into the local area from regional or national agencies.
- Schemes that provide additional or improved services to the Council's residents, in line with the Council's Strategic Plan.

4. Financial Performance

Revenue Activity

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

The net cost of revenue activities is met by central government grant, a share of non-domestic rates (business rates) and by the council tax charge made to residents. This is set each February prior to the start of the financial year and takes into account the General Fund Balance and detailed estimates of income and expenditure. A comparison of year end figures to budgets, therefore, often provides a better indication of financial stewardship than comparison to the prior year. The original budget included a planned contribution from the General Fund of £0.838m after allowing for carry forwards from 2022/23 of £0.491m. After allowing for carry forwards from 2022/23, the final draw down on reserves for 2023/24 is £0.471M. In addition to the drawdown of general there is a contribution from the Economic Impact Reserve remaining at £0.183m in relation to the re-phasing of the SLM contract. As a result of the outturn, the General Fund Reserve balance stand at £4.081m at the end of the year with the balance on Economic Impact Reserve being £1.140m at year end. This gives total unearmarked reserves of £5.221m at 31st March 2024.

Climate Change, Leisure and Community	Original Budget £000	Original Budget Plus 2022/23 Carry Forwards £000	Actual Spend
Community Partnerships	958	970	1,028
Leisure	1,158	1,158	1,136
Sustainability and Climate	325	371	229
Total	2,442	2,499	2,393
General Public Services and Economic Development	Original Budget £000	Original Budget Plus 2022/23 Carry Forwards £000	Actual Spend
Housing	395	395	332
Economic Development and Planning Policy	752	792	1,233
Public Services	2,740	2,791	3,381
Total	3,887	3,978	4,946

Policy and Resources	Original Budget £000	Original Budget Plus 2022/23 Carry Forwards £000	Actual Spend
Resources and Leader	7,090	7,433	7,492
Garages and Shops	(1,169)	(1,169)	(1,119)
Investment Properties	(890)	(890)	(847)
Vacancy Provision	(180)	(180)	0
Salary Contingency	175	175	0
Total	5,026	5,369	5,527
Corporate Costs	Original Budget £000	Original Budget Plus 2022/23 Carry Forwards £000	Actual Spend
Corporate Costs	2,400	2,400	1,195
Total	2,400	2,400	1,195
Total Net Expenditure	13,755	14,245	14,061

Capital Activity

Capital expenditure is incurred on assets that benefit the community over a number of years. Capital expenditure for 2023/24 is shown below:

Capital Programme 2023/24 £000	Latest Approved Budget £000	Year End Actual Expenditure £000	Variance £000
General Public Services & Economic Development	2,495	1,429	- 1,066
Climate Change, Leisure & Community	1,240	900	- 341
Policy and Resources	1,223	849	- 374
Committee Capital Programme	4,958	3,177	- 1,780
Major Projects			
South Oxhey Initiative	7	-	- 7
Local Authority Housing Fund	10,343	4,498	- 5,845
Property Investment Board	3,607	3,607	- 0
Total Capital Programme	18,915	11,282	- 7,632

The Council planned to complete capital schemes valued at £18.915m in 2023/24. The Council completed and funded £11.282m worth of capital work. The main variance related to a delay in the completion of the delivery of housing on previous garage sites which will now complete after 31 March 2024. In total, £7.527m has been reprofiled into 2024/25.

5. Future Challenges

The future for local government funding remains very uncertain. The conclusion of reviews of Fair Funding, Business Rates and New Homes Bonus, initially expected to come into effect in 2020/21, remain outstanding and are not expected for the current planning cycle. Alongside this the Council has experienced a significant change in its non-domestic rates base as a result of the 2023 revaluation. The Council has increased its appeals provision due to the likelihood of appeals as a result of the revaluation and holds additional resources in its Collection Fund Reserve to mitigate against this. Proactive financial stewardship has ensured that we are in a strong financial position to enable us to move forward and react to all of these challenges.

Basis of Preparation and Presentation

The Accounts are presented on an International Financial Reporting Standards (IFRS) basis having been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24. References to material and materiality relates to the significance of transactions, balances and errors. Financial information is material if its omission or misstatement could influence the users of the accounts.

Three Rivers District Council

Annual Governance Statement 2023/24

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 2023/24 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 2024 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 fiscally responsible decisions that protect our core public services
- To expand our position as a great place to do business by;
 - Providing and nurture an attractive environment for sustainable business and “green” jobs
 - Attracting inward investment that delivers inclusive growth
 - Supporting and enable agile working cultures
 - Developing and raise the profile of our local cultural and wider visitor economy
 - Strengthening local entrepreneurial ecosystems
- To support and enable sustainable communities by;
 - Improving the wellbeing of our residents by reducing Health Inequalities and bringing health services into the heart of communities

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

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 2023-24 the senior management comprised of the Chief Executive, Director of Finance, Associate Director Legal and Democratic Services, Associate Director of Customer and Community, Associate Director of Strategy, Partnerships and Housing, Associate Director of Economy, Infrastructure and Planning (this post was vacant). Financial control was the responsibility of the Shared Director of Finance with Watford Borough Council. This combined management with heads of service met fortnightly as the Corporate Management Team to review and progress the key objectives of the council. From February 2024 the following changes were made to the leadership structure of the council. The vacant post of Associate Director of Economy, Infrastructure and Planning was deleted and the associated services, now report into the Director of Finance. Furthermore, Head of Finance is now additionally the Chief Finance Officer/Section 151 Officer for Watford Borough Council and seconded to Watford for 80% of her time.

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 DC and seven other Hertfordshire local authorities. They are Dacorum BC, Borough of Broxbourne, Hertsmere, East Herts Council, North Herts DC, Welwyn and Hatfield Council and Stevenage BC.

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

REVIEW OF EFFECTIVENESS

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 monthly budget monitoring system incorporated an update on financial and budgetary risks, a quantitative evaluation of fee income and the position on reserves and balances.

The Council

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 four times during 2023/24. In addition, there was a meeting of Annual Council. In cases of urgency an extraordinary meeting of the Council can be called by the Chairman and / or the Monitoring Officer under Part 4, Rule 1 of the Constitution. No such meeting was held during 2023/24.

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 eight times during 2023/24, including one extraordinary meetings.

The Service Committees

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

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

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.

- 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 2023/24.
- 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 carry out a programme of reviews during the year which are based upon a risk assessment including fraud risk. The audit plan is approved by Audit Committee in March of the preceding year. As part of these audits, any failures to comply with legislation, council policy and practice or best practice guidance issued by a relevant body is identified and reported. Circulation of reports to senior officers, reports to the Audit Committee and follow-up procedures ensure action is taken on priority improvements. Progress on implementing internal audit recommendations is reported in quarterly reviews to Audit Committee.
- 55 In line with Public Sector Internal Audit Standards, an Annual Assurance Statement and Internal Audit Report is compiled and presented to the first Audit Committee of each 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 Head of Assurance Annual Report May 2024 is a key source document for the Council's Annual Governance Statement. The report concluded the following;
- SIAS has concluded that the corporate governance and risk management frameworks substantially comply with the CIPFA/SOLACE best practice guidance on corporate governance. This conclusion is based on the work undertaken by the Council and reported in its Annual Governance Statement for 2023/24.
 - In respect of financial and non financial systems "Our overall opinion is Reasonable Assurance; meaning there is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited."

The Council's External Auditors

- 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 is the first year to be audited by Azets Audit Services. The current statutory deadline for these accounts to be audited is 30 September 2024. However, it is anticipated that this will be revised to 30 May 2025 following the introduction of backstop dates into legislation as set out in the paragraph below.

- 58 The external audit of the draft statement of accounts for the years ended 31 March 2021, 2022 and 2023 have not yet been completed by the Council's previous auditors Ernest & Young LLP. There are a variety of complex factors contributing to audit delays in previous years. In February 2024 DLUHC consulted on draft legislation to create a 'backstop date' for the audit of all accounts up to the financial year 2022/23 and future backstop dates for the following five years from 2023/24 to allow a period to rebuild assurance across the sector. The legislation will require auditors to issue a modified or disclaimed opinion and audited accounts to be published by the relevant backstop, regardless of the progress of the audit. Given the progress to date and the short time before the proposed back stop dates, it is highly likely that a disclaimed audit opinion will be issued for both 2021/22 and 2022/23.

The Value for Money element of the annual audit cannot be disclaimed. Therefore, EY have commenced work in this area. The final Value for Money Commentary will be issued alongside the final audit opinion.

The Financial Management Code of Practice

59. 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.
60. 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 2023/24 the following significant governance issue was identified from the Management Assurance Statements.

62. Business Rate Revaluation. 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.

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

63. 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.

64. It is our opinion that the Council's governance arrangements in 2023/24 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2024/25.

Signed _____

Date 25 February 2025

Leader of the Council

Signed _____

Date 25 February 2025

Chief Executive – Joanne Wagstaffe

TRDC Annual Governance Statement 2023/24 Action Plan

No.	Issue	Action	Resolved	Updates
1	Business Rate Revaluation.	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.		

TRDC Annual Governance Statement 2022/23 Action Plan

No.	Issue	Action	Resolved	Updates
1	The Service continues to pay out significant sums to householders for the Government's various energy schemes. Our systems are not designed to make payments but to receive taxation revenue. This put additional pressure on the service and brings in scope for additional fraud and error.	Additional capacity has been brought in via a third-party provider to carry out initial screening checks. Payments are subject to normal fraud and error checks.	✓	All COVID-19 grant schemes have now ended. Reconciliations have been completed and, where relevant, surplus grant has been repaid to central government departments.

Financial Management Code Compliance Self-Assessment 2023/24

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 2024/25, the Finance Business Partnering model will 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	The CFO has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the "Code of Practice on Local Authority Accounting in the United Kingdom" (The Code)	The annual accounts are produced in compliance with The Code. The accounts receive an unqualified audit opinion. Issues raised by external audit have been addressed by Officers, including accounting for infrastructure assets which was a national issue raised by the NAO.	The delay to the audit of the 2020/21, 2021/22 and 2022/23 accounts has impacted on the timeliness of financial reporting. The Council is working with external auditors to implement the statutory arrangements to resolve the audit backlog, which introduces a backstop date of 13 December 2024 for audit opinions to be issued on all prior year accounts (up to 2022/23). The implementation of the backstop date is likely to result in a disclaimed audit opinion for 2020/21, 2021/22 and 2022/23. Officers will work with external audit to rebuild assurance through the 2023/24 audit onwards.	AMBER

Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions	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.		GREEN
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THREE RIVERS DISTRICT COUNCIL ANNUAL GOVERNANCE STATEMENT 2023/24

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.

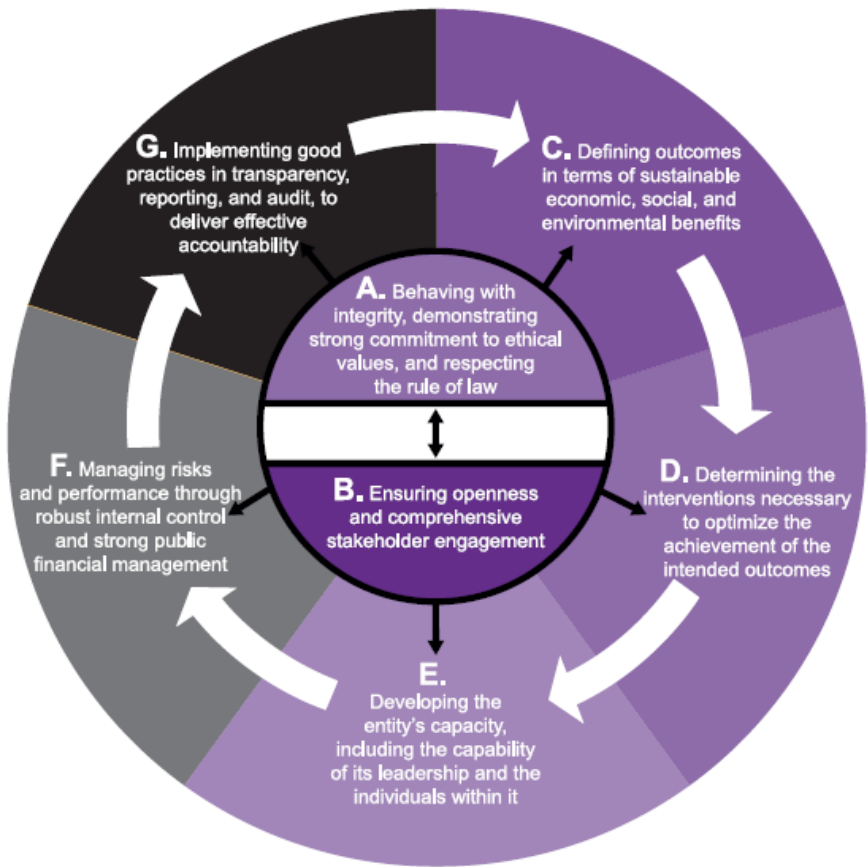
G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

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 2024

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>Constitution</p> <p>Financial Procedure Rules</p> <p>Contract Procedure Rules</p> <p>Contracts Register</p> <p>Rules of Procedure (the proceedings and the business of the Council)</p> <p>Members' Code of Conduct</p> <p>Members' Allowances</p> <p>Officer Code of Conduct</p> <p>Annual Governance Statement</p> <p>Procurement toolkit</p> <p>Whistleblowing Policy</p>	<p>Constitution</p> <p>Local Strategic Partnership</p> <p>Three Rivers Community Strategy</p> <p>Service Level and Partnership Agreements</p> <p>Local Government Transparency Code</p> <p>Data Protection and Freedom of Information</p> <p>Shared Service Initiatives</p> <p>Council Contracts</p> <p>Budget Consultation</p> <p>Customer Feedback / Complaints Process</p>	<p>Housing, Homelessness and Rough Sleeping Strategy</p> <p>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.</p>	<p>Constitution</p> <p>Strategic Plan</p> <p>Medium Term Financial Plan</p> <p>Departmental Service Plans</p> <p>Committee Meetings, Agendas and Minutes</p> <p>Budget Consultation</p> <p>Local Strategic Partnership</p> <p>Communications Strategy</p> <p>Policy and Resources Committee</p> <p>Full Council including Annual Council</p>	<p>Organisational Development Strategy and Delivery Plan</p> <p>Performance Development Review (appraisals)</p> <p>Job / Person Specifications</p> <p>Financial Procedure Rules</p> <p>Contract Procedure Rules</p> <p>Employee Health and Wellbeing Strategy</p> <p>Health and Safety Group</p> <p>Health and Wellbeing Initiatives</p>	<p>Medium Term Financial Plan</p> <p>Treasury Management Strategy</p> <p>Budget Panel</p> <p>Audited Annual Statement of Accounts</p> <p>Annual Revenue and Capital Budgets</p> <p>Risk Management Strategy</p> <p>Strategic and Service Risk Registers</p> <p>Annual Management Assurance Statements</p>	<p>Facility for Council to receive petitions</p> <p>Public participation at Council meetings</p> <p>Residents / business owners submit relevant questions in writing for consideration and response at Council meetings</p> <p>Freedom of Information Publication Scheme</p> <p>Committee Meetings, Agendas and Minutes</p> <p>Report Templates</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>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 2022		5,330	14,879	192	8,560	28,961	61,091	90,052
Movement in reserves during 2022/23								
Total Comprehensive Income and Expenditure		2,655	0	0	0	2,655	48,317	50,972
Adjustments between accounting basis and funding basis under statutory provisions	9	-1,161	0	1,631	2,308	2,779	-2,779	0
Transfers to / from earmarked reserves	39	-1,797	1,797	0	0	0	0	0
Increase (+) or Decrease (-) In Year		-303	1,797	1,631	2,308	5,434	45,538	50,972
Balance at 31 March 2023		5,027	16,676	1,823	10,868	34,395	106,630	141,025
Movement in reserves during 2023/24								
Total Comprehensive Income and Expenditure		412	0	0	0	412	2,066	2,478
Adjustments between accounting basis and funding basis under statutory provisions	9	2,648	0	-18	5,700	8,330	-8,330	0
Transfers to / from earmarked reserves	39	-3,805	3,805	0	0	0	0	0
Increase (+) or Decrease (-) In Year		-744	3,805	-18	5,700	8,742	-6,265	2,478
Balance at 31 March 2024		4,283	20,481	1,805	16,569	43,138	100,365	143,503

Comprehensive Income and Expenditure Statement

2022/23				2023/24			
Gross Expenditure	Income	Net Expenditure	Notes	Gross Expenditure	Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
10,194	-5,777	4,417	General Public Services and Economic Development	10,484	-5,560	4,924	
11,334	-4,684	6,650	Climate Change, Leisure and Community	10,201	-4,279	5,923	
32,473	-23,433	9,040	Policy and Resources	30,300	-23,924	6,376	
1,883	-4,500	-2,617	Other Corporate Costs	2,374	-37	2,337	
55,884	-38,394	17,489	Cost of Services	53,359	-33,800	19,559	
		-1,914	Other Operating Income	-778	0	-778	
		1,738	Financing and Investment Income and Expenditure	5,573	-2,933	2,640	
		-19,969	Taxation and Non-Specific Grant Income	0	-21,833	-21,833	
		-2,655	Surplus (-) or Deficit (+) on Provision of Services	58,154	-58,566	-412	
			Items that will not be reclassified to the Surplus (-) or Deficit (+) on the Provision of Services				
		-17,081	Surplus or Deficit on revaluation of non-current assets			-8,830	
		1,929	Impairment losses on non-current assets charges to the revaluation reserve			12,732	
		-31,236	Remeasurements of the net defined benefit liability (asset)			6,764	
		-46,388				10,667	
			Items that may be reclassified to the Surplus (-) or Deficit (+) on the Provision of Services				
		0	Surplus or deficit on revaluation of available for sale financial assets			0	
		0	Other gains or losses			0	
		0				0	
0	0	-46,388	Other Comprehensive Income and Expenditure			10,667	
		-49,043				10,255	

Balance Sheet

At 31 March 2023		Notes	At 31 March 2024	
£'000			£'000	£'000
Long Term Assets				
108,798	Property, Plant and Equipment	23	115,924	
13,704	Investment Property	25	9,807	
146	Heritage Assets	24	146	
511	Long Term Investments	29	511	
5,432	Finance Lease Asset	28	5,460	
5,223	Long Term Debtors	29	8,545	
133,814	Total Long Term Assets			140,393
Current Assets				
8,274	Debtors	30	10,778	
58	Stock		26	
20,682	Short Term Investments	33	23,117	
2,696	Cash and Cash Equivalents	32	1,431	
31,709	Total Current Assets			35,352
Current Liabilities				
-9	Short Term Borrowing	31	-9	
-13,378	Short Term Creditors and Revenue Receipts in Advance	31	-11,245	
-434	Provisions	36	-3,074	
0	Short Term Finance Liability		0	
-617	Short Term Capital Grants Receipts in Advance		-1,240	
-14,438	Total Current Liabilities			-15,568
Long Term Liabilities				
-8,000	Long Term Borrowing		-8,000	
5,895	Pension Liability	19	-719	
-7,949	Long Term Finance Liability		-7,949	
-6	Long Term Capital Grants Receipts in Advance		-6	
-10,061	Total Long Term Liabilities			-16,674
141,025	Net Assets (+) / Net Liabilities (-)			143,503
Financed from:				
34,395	Usable Reserves	37-41		43,138
106,630	Unusable Reserves	42-49		100,365
141,025	Total Reserves			143,503

Alison Scott, Director of Finance

Date: 26 February 2025

Cash Flow Statement

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

1. Expenditure and Funding Analysis

2022/23			Notes	2023/24		
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
3,875	552	4,427	General Public Services and Economic Development	4,946	-23	4,923
2,312	4,327	6,639	Climate Change, Leisure and Community	2,312	3,611	5,923
4,938	4,102	9,040	Policy and Resources	4,437	1,939	6,376
0	-2,617	-2,617	Other Corporate Costs	0	2,337	2,337
11,126	6,364	17,489	Service Costs	11,695	7,864	19,559
-10,823	-9,321	-20,144	Other Income and Expenditure not charged to services	-10,951	-9,021	-19,972
303	-2,958	-2,655	Surplus (-) or Deficit (+) on Provision of Services	744	-1,156	-412
5,329			Opening General Fund Balance at 1 April	5,026		
-303			Add surplus (+) or deficit (-) on the General Fund for the year	-744		
5,026			Closing General Fund Balance at 31 March	4,282		

2. Accounting Policies

2.1 General Principles

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

2.2 Accruals of Income and Expenditure

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

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

2.3 Cash and Cash Equivalents

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

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management. The Council has no overdraft facility.

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

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

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

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

2.5 Charges to Revenue for Long Term Assets

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

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

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

2.6 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 or 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

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

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

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

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on

entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:-

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

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

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

Operating Leases

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

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment, or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

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

rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating Leases

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

2.13 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).

Deprecation is calculated on the following bases:-

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

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

Depreciation commences in the year following acquisition.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated **separately**, in order to ensure the depreciation charge is realistic.

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

Disposals of Non-current Assets

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

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

Construction Contracts

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

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

2.15 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 Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2.20 Jointly Controlled Operations and Jointly Controlled Assets

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

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

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

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

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

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

2.21 Single Entity Financial Statements

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

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

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

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

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

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

Turnover (for Group Accounts)

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

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

Taxation (for Group Accounts)

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

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

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

Allocation of Profits and Drawings (for Group Accounts)

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

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

Work in progress (for Group Accounts)

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

2.23 Fair Value

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

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

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

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

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

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

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

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 2024 for 2023/24).

The standards introduced by the 2024/25 Code where disclosures are required in the 2023/24 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- a) IFRS 16 Leases issued in January 2016
- b) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020. The amendments:
 - specify that an entity's right to defer settlement must exist at the end of the reporting period
 - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
 - clarify how lending conditions affect classification, and
 - clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.
- c) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.
- d) Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.
- e) International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:
 - a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and
 - targeted disclosure requirements for affected entities.
- f) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to:
 - assess how supplier finance arrangements affect an entity's liabilities and cash flows, and
 - understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

In compiling the 2023/24 accounts there are no material effects in relation to these standards.

4. Critical Judgements in Applying Accounting Policies

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

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

- a) Estimates for accrued expenditure/income - based on service managers' and accountants' calculations at year end.
- b) Bad debt provision - based on historic trends and adjusted for any material movements during 2020/21.
- c) Asset lives for the calculation of depreciation charges - based on service managers' experience of previously used assets.
- d) The Council has also placed reliance on technical estimates supplied by third parties for the following:
 - Property valuations made by the Avison Young
 - Pension valuations supplied by Hymans Robertson - Actuary engaged by Hertfordshire County Council.

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

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

5. Prior Period Adjustments

There are no prior period adjustments for 2023/24.

6. Events after the Balance Sheet date

There are no known events that would have material impact on the Council's position as at 31 March 2024.

The draft Statement of Accounts was authorised for issue by the Section 151 Officer on 31 May 2024.

Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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

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

The Items in the Council's Balance Sheet at 31 March 2024 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Impact
Property, Plant and Equipment (PPE)	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to the individual assets. The current economic climate makes it possible that the Council will be unable to sustain its current spending on repairs and maintenance, bringing in to doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
Investment Properties	Due to the effects of Covid-19 on the property market the Council's valuer Avison Young have provided valuations reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, they advise that less certainty and a higher degree of caution should be attached to the valuation than would normally be the case.	The impact of different valuations would have an impact on the value of non-current assets and reserves on the Balance Sheet changing both by the same amount.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to: the discount rate used; the rate at which salaries are projected to increase; changes in the retirement ages; mortality rates; and expected returns on pension assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The value of pension assets is based upon information available at the Balance Sheet date, but these valuations may be earlier than the Balance Sheet date. The actual valuations at the Balance Sheet date, which may not be available until sometime later, may give a different value of pension assets, but this is not generally considered to be material.	The effects on the closing defined benefit obligation of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the closing defined benefit obligation of £1,725m. A 1 year increase in life expectancy assumptions would increase the closing defined benefit obligation by 4%.

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

8. Adjustments in the Expenditure and Funding Analysis

2022/23					2023/24		
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
£'000	£'000	£'000	£'000		£'000	£'000	£'000
522	422	-391	552	General Public Services and Economic Development	175	70	-141
2,434	1,232	1,480	5,146	Climate Change, Leisure and Community	1,354	27	200
3,181	1,390	2,068	6,639	Policy and Resources	5,950	44	21
0	0	-2,617	-2,617	Other Corporate Costs	0	-5	2,350
0	0	0	0				
6,137	3,044	539	9,719	Service Costs	7,480	135	2,430
-6,398	284	-4,618	-10,732	Other Income and expenditure not charged to services	-8,918	-277	-3,807
-262	3,328	-4,079	-1,013	Surplus (-) or Deficit (+)	-1,438	-142	-1,377

9. Adjustments between accounting basis and funding basis under regulations

2022/23					2023/24				
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					
3,328	0	0	-3,328	Pension Costs transferred to (or from) the Pensions Reserve	-150				150
-50	0	0	50	Gain or Loss on the valuation of pooled investment funds	-133				133
-2,155	0	0	2,155	Council Tax and Business Rates transferred to the Collection Fund Adjustment Account	2,497				-2,497
-77	0	0	77	Holiday pay transferred to the Accumulated Balances Account	51				-51
6,533	0	0	-6,533	Reversal of entries included in the Surplus of Deficit on the Provision of Services in relation to capital expenditure to the Capital Adjustment Account	9,519				-9,519
				Adjustments between Revenue and Capital Resources					
-2,078	2,078	0	0	Transfer of non-current asset sale proceeds to the Capital Receipts Unapplied Reserve	-844	844			0
0	-6,690	0	6,690	Useable Capital Receipts applied to finance capital expenditure		-911			911
-188	0	0	188	Statutory provision for the repayment of debt transferred to the Capital Adjustment Account	-413				413
-2,360	0	0	2,360	Capital expenditure financed from revenue balances transferred to the Capital Adjustment Account	-236				236
0	0	-1,806	1,806	Capital grants and contributions applied	0		-1,942		1,942
20	0	-20	0	Capital grants and contributions released to revenue	17		-17		0
-4,135	0	4,135	0	Capital gains and contributions receivable not applied to finance capital expenditure	-7,659	0	7,659		0
				Adjustments to Capital Resources					
0	0	0	0	Net receipts from repayment of loans		48			-48
				Release of Deferred Capital Receipt to Capital Receipt Reserve		1			-1
-1,162	1,611	2,309	-2,758	Total	2,649	-18	5,700	-8,331	

10. Analysis of Income and Expenditure by Nature

2022/23 £'000	Income and Expenditure	2023/24 £'000
-13,634	Fees, charges and other service income	-16,179
-32,537	Government grants and contributions	-29,164
-1,122	Interest and investment income	-2,041
-10,653	Income from council tax and non-domestic rates	-10,905
0	Proceeds from the disposal of non-current assets	0
-57,946	Total Income	-58,289
18,905	Employee benefits expenses	17,472
32,015	Other service expenses	35,380
4,842	Depreciation, amortisation, impairments and revaluations	4,405
812	Interest payable and similar charges	1,676
630	Net interest expense on the pension defined liability	-277
-1,914	Costs from the disposal of non-current assets	-778
55,291	Total Expenditure	57,877
-2,655	Surplus (-) or Deficit (+) on the Provision of Services	-412

2022/23 £'000	Fees and Charges by Committee	2023/24 £'000
-5,241	General Public Services and Economic Development	-4,697
-1,756	Climate Change, Leisure and Community	-2,414
-6,636	Policy and Resources	-9,068
-13,634	Total Fees and Charges	-16,179

11. Other Operating Expenditure

	2022/23	2023/24
Other Operating Expenditure	£'000	£'000
Capital Receipts	-2,078	-844
Disposal costs charged against capital receipts	0	0
Net Capital Receipts	-2,078	-844
Other Receipts	0	0
Total Receipts	-2,078	-844
Carrying value of non-current assets derecognised	164	66
Disposal costs charged to the General Fund	0	0
Total Disposal costs	164	66
Other Operating Expenditure	-1,914	-778
Adjustments between accounting basis and funding basis	1,914	778
Net Charge to the General Fund	0	0

12. Financing and Investment Income and Expenditure

	2022/23	2023/24
Financing and Investment Income and Expenditure	£'000	£'000
Interest payable and similar charges	812	1,676
Gain or Loss on the valuation of pooled investment funds	-50	-133
Interest receivable and similar income	-1,014	-1,858
Income and Expenditure in relation to investment properties	1,324	-615
Change in fair value of investment properties	93	3,897
Net pensions interest expense	630	-277
Dividends	-58	-50
Financing and Investment Income and Expenditure	1,738	2,640
Adjustments between accounting basis and funding basis	-673	-3,487
Net Charge to the General Fund	1,065	-847

13. Taxation and Non Specific Grant Income

	2022/23	2023/24
Taxation & Non Specific Grant Income	£'000	£'000
Council Tax Income	-9,567	-9,988
Non Domestic Rates	-1,086	-917
Non Ringfenced Government Grants	-5,181	-3,269
Capital Grants and Contributions	-4,135	-7,659
Total	-19,969	-21,833

14. Members Allowances

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

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

	2022/23	2023/24
Members' Allowances	£'000	£'000
Allowances	275	290
Expenses (Travel & Subsistence)	3	1
Total	278	291

15. Audit Fee

	2022/23	2023/24
Audit and Inspection Fees	£'000	£'000
Code of Practice Audit Work*	35	69
Other Fees for Prior Years	0	176
Fees payable for other services provided during the year	0	0
Total	35	245

* The total scale fee due to 2023/24 Audit work is £137k. The remaining 68k will be paid during 2024/25

16. Senior Officer Remuneration

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

Band £	Number of Employees	
	2022/23	2023/24
50,000-54,999	6	6
55,000-59,999	15	16
60,000-64,999	5	4
65,000-69,999	2	7
70,000-74,999	4	2
75,000-79,999	3	2
80,000-84,999	0	3
85,000-89,999	1	0
90,000-94,999	2	0
95,000-99,999	0	1
100,000-104,999	1	0
105,000-109,999	0	1
110,000-114,999	1	0
115,000-119,999	1	0
135,000-139,999	1	0
145,000-149,999	0	1
160,000-164,999	1	0
220,000-224,999	1	0
Total	44	43

Until 31 October 2023, the Director of Finance was the statutory Chief Finance Officer (S151) and was a shared post with Watford Borough Council, recharged to Watford Borough Council on a 50:50 basis.

During 2023/24, TRDC also made contributions of £45k towards WBC's S151 Officer. Most of these costs relate to their Head of Finance position, held prior to appointment as WBC's S151 Officer in November 2023.

Three Rivers District Council is the lead authority for the arrangement and as such the full cost is shown in the Three Rivers District Council accounts

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.

2023/24					
Post Holder Information	Salary (Including Fees & Allowances)	Employers Pension Contribution	Total Remuneration Including Pension Contributions	Contributions to (+) from (-) Watford Borough Council	Cost to Three Rivers District Council
	£	£	£	£	£
Chief Executive	147,985	30,562	178,547	0	178,547
Director of Finance (Section 151 Officer)*	99,435	18,952	118,387	-41,426	76,961
Associate Director of Strategy Partnerships & Housing	80,409	15,280	95,689	0	95,689
Associate Director of Customer & Community	78,881	15,224	94,105	0	94,105
Associate Director of Legal, Democratic Service & Monitoring Officer	74,663	14,204	88,867	0	88,867
Manager & Registrar at West Herts Crem	57,974	11,189	69,163	0	69,163
Executive Group Head of HR*	0	0	0	29,884	29,884
Solicitor to the Council (Monitoring Officer) (left August 2023)	19,246	0	19,246	0	19,246
Total	558,593	105,411	664,004	- 11,542	652,462
2022/23					
Post Holder Information	Salary (Including Fees & Allowances)	Employers Pension Contribution	Total Remuneration Including Pension Contributions	Contributions to (+) from (-) Watford Borough Council	Cost to Three Rivers District Council
	£	£	£	£	£
Head of Electoral Services - Agency Staff	222,588	0	222,588	0	222,588
Chief Executive	137,179	26,115	163,294	0	163,294
Solicitor to the Council (April 2022 - March 2023) - Agency Staff	160,427	0	160,427	0	160,427
Deputy Chief Executive (left March 2023)**	104,658	18,812	123,469	0	123,469
Executive Head of Services	75,021	10,181	85,202	0	85,202
Director of Finance (Section 151 Officer)*	93,209	16,739	109,948	-61,164	48,784
Executive Group Head of HR (August 2022 - March 2023)*	0	0	0	34,421	34,421
Solicitor to the Council (left April 2022)	9,512	323	9,835	0	9,835
Executive Head of HR and Organisational Development (April 2022 - July 2022)*	0	0	0	7,525	7,525
Total	802,594	72,170	874,763	- 19,218	855,545

*Shared Service Staff

**Role not replaced

17. Exit Packages

Exit packages Band (£)	2022/23			2023/24								
	Compulsory No.	£'000	Other No.	£'000	Total No.	£'000	Compulsory No.	£'000	Other No.	£'000	Total No.	£'000
0 - 19,999	0	0	1	20	1	20	0	0	0	0	0	0
20,000 - 39,999	0	0	1	21	1	21	0	0	0	0	0	0
Total	0	0	2	41	2	41	0	0	0	0	0	0
Add new provisions created						0						0
Less amounts provided for in previous year						0						0
Add unused amount of previous year's provision						0						0
Adjust for differences between payments and accruals						-21						0
Total cost of exit packages in the Comprehensive Income and Expenditure Statement						20						
												0

18. Grants

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2020/21:

Grant issuing body	Credited to Taxation and Non Specific Grant Income	2022/23	2023/24	Credited to Services	2022/23	2023/24
		£'000	£'000		£'000	£'000
Department for Levelling Up, Housing and Communities	Business Rate - Section 31 Grant	2,741	2,599	Local Council Tax Scheme Admin Grant	73	-
	Lower Tier Support Grant	91	-	Homelessness	551	633
	New Homes Bonus	220	18	Shared Prosperity Fund	90	189
	COVID 19 Business Rate Reliefs Grant	138	-	New Burdens Funding	35	
	Taxation Income Guarantee Scheme	2,006	-			
	Revenue Support Grant		74			
	Services Grant		81			
	Funding Guarantee		380			
Department for Business, Energy & Industrial Strategy				Decarbonisation Grant	808	1,509
				Green Homes Grant	1,373	1
				Council Tax Rebate Grant - Discretionary	137	
				Welcome Back Fund	90	
				New Burdens Funding	12	26
Department for Work and Pensions				Housing Benefit Grant	13,474	13,780
				Rent Rebate Subsidy	468	521
				Benefit Admin Grant	202	208
Various	Other Revenue Grants	- 16	117	Other Revenue Grants	540	467
Various	Capital Grants	3,502	7,317	Capital Grants		
Various	Developer Contributions	633	342			
All Grants	Total	9,315	10,928	Total	17,855	17,437

19. Defined Benefit Pension Scheme

Participation in Pension Scheme

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

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

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

Transactions relating to Retirement Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Account and the General Fund Balance via the Movement in Reserves Statement during the year:

Pension Fund Comprehensive Income and Expenditure Statement	Local Government Pension Scheme	
	2022/23	2023/24
	£'000	£'000
Cost of Services		
Current Service Cost	4,832	2,436
Past Service Costs	106	0
(Gain) / Loss from settlements	0	0
Administration Expenses	0	0
Financing and Investment Income & Expenditure		
Net Interest Expense	630	-277
Surplus / Deficit on the Provision of Services	5,568	2,159
Other Comprehensive Income and Expenditure		
Return on plan assets	-10,197	-4,427
Actuarial gains (-) and losses (+) from demographic assumptions	887	-605
Actuarial gains (-) and losses (+) from financial assumptions	48,299	-5,389
Experience gains (-) and losses (+)	-7,753	3,148
Other actuarial gains (-) and losses (+)	0	0
Impact of the Asset Ceiling	0	14,774
Remeasurements of the net defined benefit liability (asset)	31,236	6,764
Total retirement benefits charged to the Comprehensive Income and Expenditure Statement	36,804	8,923
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	-3,328	142
Actual amount charged against the General Fund Balance for pensions in the year	2,240	2,301

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

Pension Liability	2022/23 £'000	2023/24 £'000
Present value of the defined benefit pension obligation	-95,493	-114,597
Fair value of the plan assets	101,388	113,878
Total Net Liabilities	5,895	-719

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

Assets at Fair Value	Local Government Pension Scheme	
	2022/23 £'000	2023/24 £'000
Opening Balance at 1 April	109,216	101,388
Interest Income	2,939	4,789
Return on plan assets	-10,197	4,427
Other actuarial gains and losses	0	0
Employer Contributions	2,240	2,301
Contributions by scheme participants	720	812
Benefits Paid	-3,530	-4,260
Settlements received / (paid)	0	0
Closing balance at 31 March	101,388	109,457

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

Liabilities	Local Government Pension Scheme	
	2022/23 £'000	2023/24 £'000
Opening Balance at 1 April	-131,229	-95,493
Current Service Cost	-4,832	-2,436
Interest Expense	-3,569	-4,512
Contributions by scheme participants	-720	-812
Actuarial gains and losses - demographic assumptions	887	605
Actuarial gains and losses - financial assumptions	48,299	5,389
Experience gains and losses	-7,753	-3,148
Other actuarial gains and losses	0	0
Benefits Paid	3,530	4,260
Past Service Costs	-106	0
(Gain) / Loss from settlements	0	0
Impact of Asset Ceiling Adjustment	0	-14,774
Closing balance at 31 March	-95,493	-110,921

Local Government Pension Scheme assets comprised:

Assets	At 31 March 2023			At 31 March 2024		
	£'000	£'000	%	£'000	£'000	%
Equities						
Consumer	1,559			1,481		
Manufacturing	855			1,717		
Energy and Utilities	0			0		
Financial Institutions	582			974		
Health and Care	849			928		
Information and Technology	1,881			1,518		
Other	0			0		
		5,726	6%		6,618	6%
Debt Securities						
UK Government	4,230			5,580		
Other	2,722			2,783		
		6,952	7%		8,363	8%
Property						
UK Property	7,499			7,543		
Overseas Property	5,794			5,481		
		13,293	13%		13,024	12%
Derivatives (quoted in an active market)						
Foreign exchange	149			319		
		149	0%		319	0%
Cash and cash equivalents						
Cash	6,814			6,877		
		6,814	7%		6,877	6%
Private Equity						
All	8,978			9,564		
		8,978	9%		9,564	9%
Investment Funds and Unit Trusts						
Equities	38,205			41,329		
Infrastructure	117			165		
Bonds	14,208			15,682		
Other	6,948			7,516		
		59,478	59%		64,692	59%
Total		101,390	100%		109,457	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		
	2022/23	2023/24
Longevity Assumptions:		
Men:		
Longevity from 65 (currently aged 65) (yrs)	21.7	21.5
Longevity from 65 (currently aged 45) (yrs)	22.3	22.1
Women:		
Longevity from 65 (currently aged 65) (yrs)	24.4	24.2
Longevity from 65 (currently aged 45) (yrs)	25.9	25.7
Financial Assumptions:		
Consumer Price Index (CPI) increases	2.85%	2.75%
Rate of increases in salaries	3.45%	3.25%
Rate of increases in pensions and deferred pensions	2.95%	2.75%
Rate for discounting scheme liabilities	4.75%	4.85%

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 2012.

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	2%	1,725
0.1% increase in Pension Increase Rate	2%	1,689
0.1% increase in Salary Increase Rate	0%	68
1 year increase in member life expectancy	4%	3,846

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 2024/25 is £2.304m.

20. Joint Operations

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

21. Partnership Working

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

2022/23			2023/24		Total Shared Services £'000
Total Cost £'000		Provided by TRDC £'000	Provided by TRDC £'000		
Services					
1,712	Local Tax Collection	1,638		1,638	
1,728	Housing Benefits	1,770		1,770	
1,458	Finance	1,502		1,502	
814	Human Resources		812	812	
1,433	ICT		1,793	1,793	
7,146	Total Expenditure	4,911	2,605	7,516	
2,815	Paid by Three Rivers District Council	2,035	977	3,013	
4,331	Paid by Watford Borough Council	2,875	1,628	4,504	

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

Elected Members

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

Entities controlled or significantly influenced by the authority

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

The Chief Executive, Director of Finance and Associate Director of Strategy Partnerships & Housing are all directors for Three Rivers Commercial Services Ltd.

The Chief Executive and Associate Director of Strategy Partnerships & Housing are both directors for Three Rivers Housing Developments LLP. During 2023/24 a £38k payment was made by TRDC relating to a working capital extension for Barton Way.

The Council owns a 50% share of Three Rivers Homes Limited. The Chief Executive and Director of Finance are both directors for Three Rivers Homes Limited. During 2023/24 they received payments from TRDC including an increase in working capital of £180k from the Local Authority Housing Fund and £50k for the development of garage sites. There is a loan facility in place between Three Rivers District Council and Three Rivers Homes Limited. The balance outstanding was £4.157m at 31st March 2024.

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

The Chief Executive is the honorary treasurer for West Herts Crematorium. 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 2023/24, Three Rivers received £285k which included £182k of NNDR payments, a contribution of £50,000 (2022/23 £50,000) and £47k relating to a service-level agreement.

Key Management – Agency Staff

The role of Solicitor to the Council was filled on an interim basis by an agency worker until August 2023. Fees of £19,246 were paid to the agency for their services during 2023/24.

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

2023/24	Other Land & Buildings*	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation as at 1 April	100,130	13,119	586	1,424	0	2,815	118,074
Additions	617	1,763	107	0	0	255	2,742
Revaluation increases (decreases) recognised in the Revaluation Reserve	3,891	0	0	0	0	0	3,891
Revaluation increases (decreases) recognised in the Surplus / Deficit on the Provision of Services	-1,282	-104	0	0	0	0	-1,386
Derecognition - disposals	0	-115	0	0	0	0	-115
Assets reclassified	0	4	0	0	0	-4	0
Cost or valuation as at 31 March	103,356	14,666	693	1,424	0	3,067	123,206
Depreciation and Impairment as at 1 April	-3,028	-5,853	-395	0	0	0	-9,276
Depreciation charge	-1,910	-1,037	-45	0	0	0	-2,993
Depreciation and impairment written out to the Revaluation Reserve	4,938	0	0	0	0	0	4,938
Derecognition - disposals	0	49	0	0	0	0	49
Depreciation and impairment as at 31 March	0	-6,841	-441	0	0	0	-7,282
Net book Value at 31 March 2023	97,103	7,266	190	1,424	0	2,815	108,798
Net book Value at 31 March 2024	103,356	7,826	252	1,424	0	3,067	115,924

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

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. These valuations were carried out by Align Property Partners Ltd. All assets have been valued individually, with the final statements of account reconciled to the valuation certificates. The basis of valuing individual classes of assets owned by the Council is detailed in the Statement of Accounting Policies at Note 1.

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

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

Information about Depreciation Methodologies

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

Information about Judgements Made in Previous Years

During 2021/22 the Council made a critical judgement to move £127.54m of assets previously classified as Investment Properties to operational assets disclosed as Land and Buildings within Property, Plant and Equipment. This decision arose from a review of the classification of fixed assets following the conclusion of the 2020/21 audit, which was prompted by the identification of inconsistencies in the classification of assets with similar characteristics.

The review identified that properties being let on a commercial basis within the investment portfolio were being held for the purpose of economic development and regeneration and as such did not meet the criteria for classification as Investment Properties, ie that they were not held 'solely to earn rentals or for capital appreciation, or both'.

This disclosure has been presented at the request of the external auditor, in order to ensure that users of the accounts are aware of the change. As the change was made in the accounts for 2021/22 there is no impact on the opening or closing balances disclosed in 2023/24.

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.

2022/23		2023/24			
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 £'000	2023/24 £'000
Opening Balance at 1 April	8,988	13,704
Additions	7,950	0
Derecognition	0	0
Net gain (+) / losses from fair value adjustments	-93	-3,897
Assets reclassified to / from Investment Properties	-3,141	0
Other changes	0	0
Closing balance at 31 March	13,704	9,807

Fair Value Hierarchy

All the Council's investment property portfolio has been assessed as Level 3 for valuation purposes.

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

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

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

Highest and Best Use of Investment Properties

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

Valuers

The valuations for the investment property portfolio as at 31 March 2024 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

	2022/23 £'000	2023/24 £'000
Expenditure on Software Licences	46	27
Written out in year of acquisition	-46	-27
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.

Capital Financing	2022/23 £'000	2023/24 £'000
Capital Financing Requirement as at 1 April	29,270	32,792
Capital Investment:		
Property, Plant and Equipment	4,682	2,380
Assets under construction	454	255
Infrastructure Assets	0	107
Intangible Assets	46	27

Revenue Expenditure Funded from Capital Under Statute	1,434	4,601
Investment Properties	7,950	
Long Term Debtors	0	3,450
	<u>14,566</u>	<u>7,370</u>

Sources of Finance:

Capital receipts	-6,670	-863
Government Grants and Other Contributions (including S106)	-1,806	-5,855
Capital Expenditure funded from the Revenue Account	-2,360	-236
Repayment of loans treated as capital receipts	-20	-28
Minimum Revenue Provision	-188	-413
	<u>-11,044</u>	<u>-7,395</u>

Increase (+) / decrease (-) in Capital Financing Requirement	3,522	3,868
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Capital Financing Requirement at 31 March	32,792	36,660
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At 31 March 2024 the Council had entered into contractual commitments valued at £1.280m (31 March 2023: £1.123m) in respect of its capital schemes.

28. Leases

Authority as Lessee

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

Council as Lessee - Carrying Amounts of Asset	2022/23	2023/24
	£'000	£'000
27 - 30 Hartfield Road, SW19 3SG	7,950	4,293
Total	7,950	4,293

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

Council as Lessee - Finance Lease Liabilities	2022/23	2023/24
	£'000	£'000
Current	0	0
Non-Current	7,949	7,949
Future Years Finance Costs	63,930	62,481
Total commitments	71,879	70,430

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

Council as Lessee - Minimum Lease Payments	2022/23		2023/24	
	Finance Lease Liability	Minimum Lease Payments	Finance Lease Liability	Minimum Lease Payments
	£'000	£'000	£'000	£'000
Within 1 year	0	1,450	0	1,450
Within 2nd - 5th years	2	5,800	3	5,800
6th year and beyond	7,947	64,630	7,946	63,180
Total commitments	7,949	71,880	7,949	70,430

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. Contingent rents were £25k in 2023/24 (2022/23 £nil).

Finance Leases – The Council as a Lessor

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

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

Operating Leases – The council as Lessor

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

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

The future minim lease payments receivable are:

Council as Lessor - Operational	2022/23		2023/24	
	Land and buildings	Total	Land and buildings	Total
	£'000	£'000	£'000	£'000
Future Minimum leases payments receivable:				

Within 1 year	3,040	3,040	2,934	2,934
Within 2nd - 5th years	11,838	11,838	11,347	11,347
6th year and beyond	44,904	44,904	42,383	42,383
Total:	59,782	59,782	56,694	56,694

29. Long Term Debtors

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

	At 31 March 2023 £'000	At 31 March 2024 £'000
Charges to Registered Properties	16	16
Loan - Grapevine	4,185	4,097
Loan - Bury Lake Young Mariners Base	915	875
Loan - Puckeridge	0	0
Loan - Thrive Homes	0	0
Rent to Mortgage Properties	0	0
Building Control	107	107
LT Loan WCHT - Foxgroves Path	0	3,450
Finance Lease Receivables	5,432	5,460
Total	10,655	14,004

30. Short-Term Debtors

	At 31 March 2023 £'000	At 31 March 2024 £'000
Government Departments	560	326
Other Local Authorities	1,317	674
Health Authorities	0	0
Payments in Advance	3,982	4,544

Bodies external to general government (i.e. all other bodies)	4,778	8,402
	10,637	13,946
Less Impairment Allowance Account	-2,364	-3,168
Total	8,274	10,778

31. Creditors

	At 31 March 2023 £'000	Balance at 31 March 2024 £'000
Receipts in Advance		
Government Departments	-3,116	-246
Other Local Authorities	0	0
Health Authorities	0	0
Other Entities & Individuals	-3,130	-2,916
	-6,246	-3,163
Creditors		
Government Departments	-3,182	-2,607
Other Local Authorities	-3,531	-3,162
Health Authorities	0	0
Other Entities & Individuals	-418	-2,314
	-7,131	-8,083
Short Term Creditors and RIA	-13,378	-11,245
Long Term Receipts in Advance	0	0
Total	-13,378	-11,245

32. Cash and Cash Equivalents

	At 31 March 2023 £'000	At 31 March 2024 £'000
Cash at bank and in hand(+)/Overdrawn (-)	2,696	1,431

Total	2,696	1,431
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33. Short Term Investments

	At 31 March 2023	At 31 March 2024
	£'000	£'000
Royal London Asset Management Cash Plus Fund	2,397	2,530
Short Term Deposits	18,285	20,587
Total	20,682	23,117

34. Financial Instruments

As at 31st March 2022		Financial Assets	As at 31st March 2024	
Short Term	Long Term		Short Term	Long Term
£000	£000		£000	£000
Carried at Amortised Cost				
2,696	0	Cash and Cash Equivalents	1,431	0
4,292	5,223	Debtors	6,234	8,545
18,285	0	Investments	20,587	5,460
25,273	5,223	Total at Amortised Cost	28,253	14,004
Carried at Fair Value through Profit and Loss				
2,397	511	Investments	2,530	511
2,397	511	Total at Fair Value through Profit and Loss	2,530	511
3,982	0	Non-Financial Assets*	4,544	0
31,652	5,734	Total	35,327	14,515
As at 31st March 2022		Financial Liabilities	As at 31st March 2024	
Short Term	Long Term		Short Term	Long Term
£000	£000		£000	£000
Carried at Amortised Cost				

-6,246	-6	Borrowing	-9	-8,000
0	0	Creditors	-8,083	0
-6,246	-6	Total at Amortised Cost	-8,092	-8,000
0	0	Non-Financial Liabilities*	-3,163	-6

-6,246	-6	Total	-11,254	-8,006
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35. Disclosure of Nature and Extent of Risk Arising from Financial Instruments

Financial Instruments – Carrying Values

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

- Where an instrument will mature in the next 12 months, the carrying amount is assumed to be the approximate Fair Value.
- The Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Balance Sheet includes the following financial instruments:

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

Financial Liabilities	Fair Value Level	Balance Sheet At 31 March 2023 £'000	Fair Value At 31 March 2023 £'000	Balance Sheet At 31 March 2024 £'000	Fair Value At 31 March 2024 £'000
Financial liabilities held at amortised cost:					
Long-term loans from PWLB	2	8,000	4,827	8,000	4,248
Total		8,000	4,827	8,000	4,248
Liabilities for which fair value is not disclosed *		35,741		15,054	
Total Financial Liabilities		43,741		23,054	
Recorded on balance sheet as:					
Short-term creditors		12,836		11,245	
Short-term borrowing		0		9	
Short-term provisions		434		3,074	
Long-term borrowing		8,000		8,000	
Long-term creditors		22,471		725	
Total Financial Liabilities		43,741		23,054	

*The fair value of short-term financial liabilities including trade payables is assumed to approximate to the carrying amount.

Financial Assets

The authority has elected not to include a fair value calculation of its financial assets as it is assumed that the instruments amortised cost will approximate the instruments fair value and that the carrying amount of the investment equity will not be materially different from any fair value calculation.

Financial Instruments – Income, Expenses, Gains or Losses

2022/23						2023/24				
Financial Liabilities		Financial Assets				Financial Liabilities		Financial Assets		
Liabilities at amortised cost £'000	Assets at amortised cost £'000	Assets at fair value through Other Comprehensive Income £'000	Assets at fair value through profit and loss £'000	Total £'000		Liabilities at amortised cost £'000	Assets at amortised cost £'000	Assets at fair value through Other Comprehensive Income £'000	Assets at fair value through profit and loss £'000	Total £'000
817	0	0	0	817	Interest Expense	1,676			0	1,676
817	0	0	0	817	Total expense in Surplus or Deficit on the Provision of Services	1,676	0	0	0	1,676
				0						0
0	-1,014	0	0	-1,014	Interest Income		-1,858		0	-1,858
0	0	0	-50	-50	Increases in fair value			0	-133	-133
0	-58	0	0	-58	Dividend Income		-50			-50
0	-1,072	0	-50	-1,122	Total income in Surplus or Deficit on the Provision of Services	0	-1,908	0	-133	-2,041
-305					Net gain (-) / loss (+) for the year	-365				

Disclosure of Nature and Extent of Risks arising from Financial Instruments

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

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

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

Liquidity Risk

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

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

Amount at 31 March 2023 £000	Maturity Profile	Amount at 31 March 2024 £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

Market Risk

This is the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. A Treasury Management Strategy is formally approved annually by the Council. This identifies all treasury risks and forms the basis of the day-to-day operating guidance applied by the Treasury Accountant when making decisions on placing any surplus funds (i.e. to whom, for how long, for how much, etc.).

Credit Risk

Credit risk arises from deposits with banks and building societies as well as credit exposure to the Council's customers. The treasury policy at present allows the Council to invest with the main UK Banks and Building

Societies, with a FITCH rating of F1 or higher, up to a maximum value of £5m with any one institution. Once again this evidences our prudent approach to lending of surplus funds.

Aged Debtors	At 31 March 2023 £000	At 31 March 2024 £000
Less than 3 months	604	419
Between 3 and 6 months	9	146
Between 6 month and 1 year	6	75
More than 1 year	51	99
Total	670	739

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 2023 £'000	Additional provisions made in 2023/24 £'000	Amounts used in 2023/24 £'000	Unused amounts reversed in 2023/24 £'000	Balance at 31 March 2024 £'000
Land Charges	-87	0	0	0	-87
MMI Insurance	0	0	0	0	0
Business Rates	-346	-2,933	292	0	-2,987
Total	-434	-2,933	292	0	-3,074

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

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 2023 £'000	31 March 2024 £'000
Usable Reserves		
General Fund	5,027	4,283
Earmarked Reserves	16,676	20,481
Useable Capital Receipts Reserve	1,823	1,805
Capital Grants and Contributions Reserve	10,868	16,569
Total	34,395	43,138

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:

	2022/23 £'000	2023/24 £'000
Balance at 1 April	5,330	5,027
Net increase / decrease before transfers to		
Earmarked Reserves	1,494	3,060
Transfer to / from Earmarked Reserves	-1,797	-3,805
Balance at 31 March	5,027	4,283

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 2020/21.

For each reserve established the Council identifies:

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

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

Reserve	Purpose
S106 Agreements & Commuted Sums	Receipts generated from development agreements to provide community Infrastructure
Community Infrastructure Levy	Funding from developers undertaking new building projects, to be used on infrastructure needed as a result of development.

Future Capital Expenditure	To fund key capital projects.
New Homes Bonus Reserve	Government Grant received in respect of new homes built to support community infrastructure
Leavesden Hospital Open Space	To maintain Open Space.
Environmental Maintenance Plant	To support improvement and purchase of environmental plant.
Economic Impact	To fund key future projects and resource equalisation in response to changed economic conditions
High Street Innovation Fund	To support the regeneration of High Streets.
NNDR Collection Fund	Equalisation fund re fluctuations due to timing differences in the collection fund

	Balance at 31 March 2022 £'000	In year movement 2022/23 £'000	Balance at 31 March 2023 £'000	In year movement 2023/24 £'000	Balance at 31 March 2024 £'000
Section 106 Commuted Sums	-1,368	362	-1,006	74	-932
Future Capital Expenditure	-158	0	-158	-13	-171
New Homes Bonus	-2,077	1,854	-223	223	0
Building Control	-318	-32	-350	-1	-351
Leavesden Hospital Open Space	-769	0	-769	15	-754
Environmental Maintenance Plant	-92	0	-92	0	-92
Economic Impact	-2,204	491	-1,713	183	-1,530
High Street Innovation Fund	0	0	0	0	0
NNDR Collection Fund	-3,312	262	-3,050	-3,173	-6,223
Benefits equalisation	-238	159	-79	34	-45
Commercial Reserve	-3,330	-4,662	-7,992	-835	-8,827
Planning Reserve			0	-88	-88
Grants and Contributions	-1,015	-230	-1,245	-223	-1,468
Total Earmarked Reserves	-14,879	-1,797	-16,676	-3,805	-20,481

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.

	2022/23 £'000	2023/24 £'000
Balance at 1 April	192	1,823
Net receipts from sale of assets	2,078	844
Release of deferred capital receipts	6,223	1
Net receipts from repayment of loans	0	48
Receipts applied to finance capital expenditure	-6,689	-911
Balance at 31 March	1,823	1,805

41. Capital Grants Unapplied Reserve

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

	2022/23 £'000	2023/24 £'000
Balance at 1 April	8,560	10,868
Applied during the year	-1,826	-1,958
Recognised as income but not applied during the year	4,135	7,659
Balance at 31 March	10,868	16,569

42. Movement in Unusable Reserves

	31 March 2023 £'000	31 March 2024 £'000
Unusable Reserves		
Pooled Fund Adjustment Account	47	180
Pensions Reserve	5,895	-719
Revaluation Reserve	60,838	68,596
Deferred Capital Receipts Reserve	5,229	5,228
Capital Adjustments Account	34,496	29,503
Collection Fund Adjustment Account	322	-2,175
Accumulated Absences Account	-197	-248
Total	106,630	100,365

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.

2022/23		Capital Adjustment Account	2023/24	
£'000	£'000		£'000	£'000
	29,137	Balance as at 1 April		34,496
		Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (CIES):		
-2,707		Charges for depreciation for non-current assets	-2,993	
-192		Charges for impairment for non-current assets	-104	
-1,897		Revaluation losses / subsequent gains on Property, Plant and Equipment	-1,282	
-46		Amortisation of Intangible Assets	-27	
-1,434		Revenue Expenditure funded from capital under statute	-1,151	
-164		Amounts of non-current assets written off on disposal or sale as part of the gain/ loss on derecognition	-66	
0		Removal of finance liability on derecognition of assets held under finance leases	0	
	-6,440			-5,622
		Adjusting amounts written out of the Revaluation Reserve:		
743		Difference between fair value depreciation and historical cost depreciation	1,072	
126		Accumulated gains on assets sold or scrapped	0	
	869			1,072
		Capital Financing applied in year:		
6,670		Use of the Capital Receipts Reserve to finance new capital expenditure	863	
0		Capital grants and contributions credited to the CIES that have been applied to capital financing	0	
1,806		Application of grants to capital financing from the Capital Grants Unapplied account	1,942	
0		Reversal of grants and contributions applied in previous years	0	
-20		Repayment of loans treated as capital receipts	48	
188		Statutory provision for the financing of capital investment charged against the General Fund balance	413	
2,360		Capital expenditure charged against the General Fund balance	236	
0		Reversal of revenue applied to capital financing in previous years	0	
	11,003			3,502
		Movements in the market value of Investment Properties debited or credited to the CIES		
	-93			-3,897
	0	Amounts of Investment Properties written off on disposal or sale as part of the gain/loss on derecognition		0
	0	Revaluation losses / subsequent gains on Assets held for Sale		0
	0	Impairment Losses on Assets held for Sale		0
	0	Accumulated gains on Assets held for Sale or scrapped		0
	0	Amounts of Assets held for Sale written off on disposal or sale as part of the gain/loss on derecognition		0
	20	Repayment of loans treated as capital receipts		-48
	34,496	Total Balance at 31 March		29,503

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.

2022/23 £'000	Revaluation Reserve £'000	2023/24 £'000	£'000
44,626	Balance as at 1 April		60,838
19,011	Revaluation of assets	21,562	
-1,929	Impairment of assets	-12,732	
0	Write back of accumulated depreciation on revaluations	0	
0	Write back of accumulated impairment on revaluations	0	
17,081	Surplus or deficit on revaluation of non current assets not posted to the Surplus or Deficit on the Provision of Services		8,830
-743	Difference between fair value depreciation and historical cost depreciation	-1,072	
3	Accumulated gains on assets sold or scrapped	0	
-740	Amounts written off to the Capital Adjustment Account		-1,072
60,967	Total Balance at 31 March		68,596

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.

Deferred Capital Receipts Reserve	2022/23 £'000	2023/24 £'000
Balance as at 1 April	11,452	5,229
Amounts credited in year	0	0
Amounts released to the Useable Capital Receipts Reserve	-6,223	-1
Balance as at 31 March	5,229	5,228

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.

	2022/23	2023/24
Collection Fund Adjustment Account	£'000	£'000
Balance as at 1 April	-1,833	322
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	2,155	-2,497
Balance as at 31 March	322	-2,175

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.

	2022/23	2023/24
Accumulated Absences Account	£'000	£'000
Balance as at 1 April	-275	-197
Settlement or cancellation of previous year's accrual	275	197
Amount accrued at the end of the current year	-197	-248
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in the year under statute	77	-51
Balance as at 31 March	-197	-248

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.

	2022/23 £'000	2023/24 £'000
Pension Reserve		
Balance as at 1 April	-22,013	5,895
Net charge made for retirement benefits in accordance with IAS19	-3,328	150
Remeasurements of the new defined liability	31,236	-6,764
Balance as at 31 March	5,895	-719

49. Pooled Fund Adjustment Account

	2022/23 £'000	2023/24 £'000
0 Balance at 1 April		0
Increase in value of assets held at Fair		
50 Value through Profit and Loss		133
Decrease in value of assets held at Fair		
0 Value through Profit and Loss		0
Amounts transferred to the General Fund		
0 on disposal		0
0		
47 Balance at 31 March		180

50. Notes to the Cashflow Statement

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

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

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

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

Financing Activities	2022/23 £'000	2023/24 £'000
Cash receipts of short- and long-term borrowing	0	0
Other receipts from financing activities	0	0
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet service concession arrangements	0	0
Repayments of short- and long-term borrowing	0	0
Other payments for financing activities	-1,205	1,747
Total adjustments for financing activities	-1,205	1,747

51. Contingent Assets

There are no contingent assets to disclose at 31 March 2024.

52. Contingent Liabilities

There are no contingent liabilities to disclose at 31 March 2024.

:

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).

2022/23				2023/24		
National Non-Domestic Rates £000	Council Tax £000	Total £000		National Non-Domestic Rates £000	Council Tax £000	Total £000
			Income Receivable:			
	-78,098	-78,098	Council Tax receivable		-82,451	-82,451
-26,152		-26,152	Business Rates receivable	-34,428		-34,428
0		0	Transitional Protection Receivable	-16,326	0	-16,326
			Business rates - contribution towards previous year's deficit:			
-1,995		-1,995	Three Rivers District Council	0	-207	-207
-499		-499	Hertfordshire County Council	0	-1,288	-1,288
			Herts Police and Crime Commissioner		-187	-187
-2,494		-2,494	Central Government	0	0	0
-31,140	-78,098	-109,238	Total Income	-50,754	-84,133	-134,887
			Expenditure:			
			Repayment of previous years surpluses:			
	13	13	Three Rivers District Council	252		252
	79	79	Hertfordshire County Council	63		63
	12	12	Herts Police and Crime Commissioner			0
		0	Central Government	314		314
			Precepts and demands:			
10,707	9,645	20,352	Three Rivers District Council	19,389	10,080	29,469
2,677	60,040	62,717	Hertfordshire County Council	4,847	63,495	68,342
	8,755	8,755	Herts Police and Crime Commissioner		9,412	9,412
13,384		13,384	Central Government	24,236		24,236
			Charges to the Collection Fund:			
-26	288	262	Bad Debts Provision increase/(decrease)	1,487	221	1,708
-1,672		-1,672	Appeals Provision increase / (decrease)	6,601		6,601
93		93	Cost of Collection	104		104
355		355	Transitional Protection Payable	0		0
25,518	78,832	104,350	Total Expenditure	57,293	83,208	140,501
-5,622	734	-4,888	(Surplus)/Deficit for the year	6,539	-925	5,614
4,332	810	5,142	Fund Balance brought forward	-1,290	1,544	254
-1,290	1,544	254	(Surplus)/Deficit carried forward	5,249	619	5,868
			Fund Balance Allocation (indicative):			
-516	190	-326	Three Rivers District Council	2,100	75	2,175
-129	1,182	1,053	Hertfordshire County Council	525	474	999
	172	172	Herts Police and Crime Commissioner		70	70
-645		-645	Central Government	2,624		2,624

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 2023/24.

2022/23		2023/24				
Equivalent Number of Band D Dwellings	Valuation Band	Total Number of Dwellings in Band	Discounts, Exemptions & Disabled Relief	Total Chargeable Dwellings	Conversion Fraction (Proportion)	Equivalent Number of Band D Dwellings
1	A (Disabled Relief)	1	0	1	5/9	0
362	A	805	-246	559	6/9	372
956	B	2,411	-1,017	1,394	7/9	1,084
4,492	C	7,029	-1,669	5,360	8/9	4,764
8,379	D	9,845	-1,564	8,281	9/9	8,281
8,344	E	7,441	-657	6,784	11/9	8,292
5,784	F	4,347	-260	4,087	13/9	5,903
8,093	G	5,028	-216	4,812	15/9	8,020
3,101	H	1,581	-40	1,541	18/9	3,081
39,511		38,488	-5,670	32,818		39,799
-395	Less Allowance for losses on collection					-398
144	Add: Contribution in lieu of tax					144
39,260	Tax Base for Calculation of Council Tax					39,545
0	Add: Adjustment for changes during the year for successful appeals against valuations bandings, new properties, demolitions, disabled persons' relief and empty properties					0
39,260	Council Tax Base for the year					39,545

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

The Council set an average council tax charge for Band D dwellings of £1,843.63 (£1,772.04 for 2022/23).

CF2 Business Rate Payers

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

Group Movement in Reserves Statement

	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Unapplied	Capital Grants and Contbns Unapplied	Share of Joint Venture Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2022		5,330	14,879	192	8,560	50	29,011	61,091	90,102
Movement in reserves during 2022/23									
Total Comprehensive Income and Expenditure		2,655	0	0	0	0	2,655	48,317	50,972
Adjustments between accounting basis and funding basis under statutory provisions	6	-1,161	0	1,631	2,308	0	2,779	-2,779	0
Adjustments primarily involving the share of Joint Venture Reserve		0	0	0	0	303	303	0	303
Transfers to / from earmarked reserves	44	-1,797	1,797	0	0	0	0	0	0
Increase (+) or Decrease (-) In Year		-303	1,797	1,631	2,308	303	5,737	45,538	51,275
Balance at 31 March 2023		5,027	16,676	1,823	10,868	352	34,747	106,629	141,376
Movement in reserves during 2023/24									
Total Comprehensive Income and Expenditure		412	0	0	0		412	2,066	2,478
Adjustments between accounting basis and funding basis under statutory provisions	6	2,648	0	-18	5,700		8,330	-8,330	0
Adjustments primarily involving the share of Joint Venture Reserve						218	218	0	218
Transfers to / from earmarked reserves	44	-3,805	3,805	0	0		0	0	0
Increase (+) or Decrease (-) In Year		-744	3,805	-18	5,700	218	8,960	-6,265	2,696
Balance at 31 March 2024		4,283	20,481	1,805	16,569	570	43,708	100,365	144,073

Group Comprehensive Income and Expenditure Statement

2022/23				Notes	2023/24		
Gross Expenditure	Income	Net Expenditure			Gross Expenditure	Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
10,194	-5,777	4,417	Infrastructure Housing and Economic Development		10,484	-5,560	4,924
11,334	-4,684	6,650	Leisure, Environment and Communities		10,201	-4,279	5,923
32,473	-23,433	9,040	Policy and Resources		30,300	-23,924	6,376
1,883	-4,500	-2,617	Other Corporate Costs		2,374	-37	2,337
55,884	-38,394	17,489	Cost of Services		53,359	-33,800	19,559
	-1,914		Other Operating Income	14	-778	0	-778
	1,738		Financing and Investment Income and Expenditure	15	5,573	-2,933	2,640
	-19,969		Taxation and Non-Specific Grant Income	19	0	-21,833	-21,833
	-2,655		Surplus (-) or Deficit (+) on Provision of Services	5	58,154	-58,566	-412
	-303		Share of Surplus (-) or Deficit (+) on Provision of Services by Joint Venture				-218
	-2,958		Group Surplus (-) or Deficit (+)				-630
Items that will not be reclassified to the Surplus (-) or Deficit (+) on the Provision of Services							
	-17,081		Surplus or Deficit on revaluation of non-current assets	49			-8,830
	1,929			49			12,732
			Impairment losses on non-current assets charges to the revaluation reserve				
	-31,236			18			6,764
			Remeasurements of the net defined benefit liability (asset)				
	-46,388						10,667
0	0	-46,691	Other Comprehensive Income and Expenditure				10,449
		-49,346					10,037

Group Balance Sheet

At 31 March 2023		Notes	At 31 March 2024	
£'000			£'000	£'000
	Long Term Assets			
108,944	Property, Plant and Equipment	22	115,924	
13,704	Investment Property	23	9,807	
0	Heritage Assets	24	146	
258	Long Term Investments	34	1,081	
5,432	Finance Lease Asset		5,460	
5,223	Long Term Debtors	35	8,545	
133,561	Total Long Term Assets			140,963
	Current Assets			
8,274	Debtors	36	10,778	
58	Stock		26	
20,682	Short Term Investments	34	23,117	
2,696	Cash and Cash Equivalents	37	1,431	
31,709	Total Current Assets			35,352
	Current Liabilities			
-9	Short Term Borrowing	34	-9	
-13,378	Short Term Creditors and Revenue Receipts in Advance	39	-11,245	
-434	Provisions due within one year	40	-3,074	
0	Short Term Finance Liability	28,34	0	
-617	Short Term Capital Grants Receipts in Advance	42	-1,240	
-14,438	Total Current Liabilities			-15,568
	Long Term Liabilities			
-8,000	Long Term Borrowing	34	-8,000	
5,895	Pension Liability	18	-719	
-7,949	Long Term Finance Liability	28,34	-7,949	
-6	Long Term Capital Grants Receipts in Advance	42	-6	
-10,061	Total Long Term Liabilities			-16,674
140,772	Net Assets (+) / Net Liabilities (-)			144,073
	Financed from:			
34,395	Usable Reserves	43-46		43,708
106,377	Unusable Reserves	47-53		100,365
140,772	Total Reserves			144,073

Alison Scott, Director of Finance

Date: 26 February 2025

Group Cash Flow

2022/23 £'000		Notes	2023/24 £'000
-			
2,655	Net (surplus) or deficit on the provision of services		-412
6,409	Adjust net surplus or deficit on the provision of services for non-cash movements	54	-7,732
6,177	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	55	8,503
9,932	Net cash flows from Operating Activities		359
-2,568	Investing activities	56	-841
-			
1,205	Financing activities	57	1,747
6,158	Net increase (-) or decrease (+) in cash and cash equivalents		1,265
8,853	Cash and cash equivalents at the beginning of the reporting period		2,696
2,695	Cash and cash equivalents at the end of the reporting period		1,431

1. The Group Accounting Policies

The Group Accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2023/24 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.

2022/23 £'000	Three Rivers Homes Limited	2023/24 £'000
-167	Revenue	-176
73	Administrative Expenses	88
83	Finance Cost	84
	Surplus on Revaluation of Investment	
-296	Property	-228
5	Tax	14
-303	(Profit)\Loss for the period	-218
1,562	Property, Plant and Equipment	1,652
1,373	Investment Properties	1,600
14	Debtors (Current Assets)	50
35	Cash and Cash Equivalents (Current Assets)	168
-42	Creditors (Current Liabilities)	-153
-2,078	Creditors (Long term liabilities)	-2,237
863	Net Assets	1,081

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)

2022/23		2023/24		
Amounts outstanding at 31 March 2023 £'000		New Loans £'000	Repayments £'000	Amounts outstanding at 31 March 2024 £'000
4,186	Three Rivers Homes Ltd - Grapevine Loan			4,186
4,186		0	0	4,186

Independent Auditor's Report to the members of Three Rivers District Council

Report on the audit of the financial statements

Disclaimer of opinion on the financial statements

We were appointed to audit the financial statements of Three Rivers District Council (the 'Council') and its subsidiaries (the 'Group') for the year ended 31 March 2024, which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund, the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet, the Group Cash Flow Statement and related notes to the financial statements, notes to the Collection Fund and notes to the group financial statements, including a summary of accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24.

We do not express an opinion on the financial statements of the Council or the Group. Due to the significance of the matter described in the 'Basis for disclaimer of opinion' section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations require the Council to publish its Accountability Statements, which include the financial statements and auditor's opinion, by certain specified dates ('the backstop dates'), which have been put in law with the purpose of clearing the backlog of historical financial statements in English local government. The specified backstop dates include:

- 28 February 2025 for the Accountability Statements for 2023/24; and
- 13 December 2024 for any outstanding Accountability Statements for prior years.

The Council published its outstanding Accountability Statements for 2021/22 and 2022/23 on 13 December 2024, by the required backstop date. However, these Accountability Statements all included a disclaimer of opinion issued by the Council's predecessor auditor.

The 2023/24 backstop date introduced by the Amendment Regulations, and its proximity to the previous backstop date, has impeded our ability to obtain sufficient appropriate evidence upon which to form an opinion on the financial statements for 2023/24 and to rebuild the missing assurance arising from the disclaimer of opinions for the previous two financial years. There has been insufficient time for us to perform all necessary audit procedures.

Opinion on other matters required by the Code of Audit Practice

The Council is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon.

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") we are required to consider, based on the work undertaken in the course of the audit of the financial statements, whether the other information published together with the audited financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Because of the significance of the matters described in the 'Basis for disclaimer of opinion' section of our report, we have been unable to form an opinion whether the other information published together with the financial statements in the Statement of Accounts, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception under the Code of Audit Practice

Under the Code of Audit Practice, we are also required to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE, or is misleading or inconsistent with information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

Because of the significance of the matter described in the 'Basis for disclaimer of opinion' section of our report, we have been unable to consider the form and content of the Annual Governance Statement.

Responsibilities of the Council and the Director of Finance

As explained in the Statement of responsibilities for the statement of accounts, the Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance. The Director of Finance is responsible for the preparation of the Council's Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24, for being satisfied that they give a true and fair view, and for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance is responsible for assessing the Council's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government to cease the provision of the services provided by the Council. The Director of Finance is required to comply with the requirements set out in the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Council's and the Group's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the 'Basis for disclaimer of opinion' section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements. In reaching this judgement we have complied with the requirements of the Code of Audit Practice and have had regard to the Local Audit Reset and Recovery Implementation Guidance published by the National Audit Office and endorsed by the Financial Reporting Council.

We are independent of the Council and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matter described in the 'Basis for disclaimer of opinion' section of our report.

Report on other legal and regulatory matters

Reports in the public interest or use of other statutory powers

Under the Code of Audit Practice, we are required to report to you if, in the course of or at the conclusion of the audit, we:

- issue a report in the public interest under Section 24 of the Local Audit and Accountability Act 2014;
- make a written recommendation to the Council under section 24 of the Local Audit and Accountability Act 2014;
- make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in respect of the above matters.

Report on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in this respect.

Responsibilities of the Council

As explained in the Statement of responsibilities, the Council is required to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets. The Council is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements.' When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Council ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Council has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary which will be included in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Delayed certificate

We cannot formally conclude the audit and issue an audit certificate for Three Rivers District Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice 2024 (the "Code") until we have completed all our responsibilities mandated by the Code.

- Our Whole of Government Accounts work for the year ended 31 March 2024, as mandated under the National Audit Office's group instructions, is currently outstanding.

We are satisfied that this work does not have a material effect on the financial statements, or on our conclusion on the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources for the year ended 31

Use of our report

This report is made solely to the members of the Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Council's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the members of the Council as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Grady

Paul Grady, Key Audit Partner

for and on behalf of Azets Audit Services, Local Auditor
London

27 February 2025

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.

