

Audit Agenda



Thursday 15 September 2022 at 7.30 pm

Council Chamber, The Forum

The Councillors listed below are requested to attend the above meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Membership

Councillor Chapman (Chairman)
Councillor So Mahmood
Councillor Riddick

Councillor Silwal
Councillor Symington
Councillor Townsend

For further information, please contact Corporate and Democratic Support on 01442 228209 or email member.support@dacorum.gov.uk.

AGENDA

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2. DECLARATIONS OF INTEREST

To receive any declarations of interest

A member with a disclosable pecuniary interest or a personal interest in a matter who attends a meeting of the authority at which the matter is considered -

(i) must disclose the interest at the start of the meeting or when the interest becomes apparent

and, if the interest is a disclosable pecuniary interest, or a personal interest which is also prejudicial

(ii) may not participate in any discussion or vote on the matter (and must withdraw to the public seating area) unless they have been granted a dispensation.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Members' Register of Interests, or is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal and prejudicial interests are defined in Part 2 of the Code of Conduct For Members

[If a member is in any doubt as to whether they have an interest which should be declared they should seek the advice of the Monitoring Officer before the start of the meeting]

3. MINUTES AND ACTIONS (Pages 3 - 5)

To confirm the minutes of the previous meeting and consider the actions.

4. PUBLIC PARTICIPATION

An opportunity for members of the public to make statements and ask questions in accordance with the rules as to Public Participation.

5. FINAL OUTTURN REPORT 2021/22 (Pages 6 - 21)

6. STATEMENT OF ACCOUNTS AND LETTER OF REPRESENTATION 2021/22
(Pages 22 - 112)

7. EXTERNAL AUDIT FINDINGS REPORT 2021/22 (Pages 113 - 134)

8. SUMMARY INTERNAL CONTROLS ASSURANCE (SICA) REPORT (Pages 135 - 145)

9. WORK PROGRAMME (Page 146)

DACORUM BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

27 JULY 2022

Present:

Councillors: Chapman (Chairman)
Riddick
Silwal
Tindall
Townsend

Officers: N Howcutt Chief Finance Officer
T Angel Corporate & Democratic Support Officer

Others: Philip Lazenby (TIAA)

The meeting began at 7.30 pm

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Elliot and Symington.

Councilor Tindall substituted for Councillor Symington.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES AND ACTIONS

Councillor Silwal said he asked a couple of questions at the last meeting but they hadn't been included in the minutes.

T Angel said she would review the recording and update the minutes if applicable. She advised she would email Councillor Silwal to confirm any changes. **Action.**

Councillor Riddick noted the word 'reasonable' used numerous times in the minutes. He suggested the term could mean different things to different people and would like to see us being more specific.

P Lazenby advised that the word reasonable was a generally accepted term within the audit community and most audit firm's use reasonable as one of the benchmark standards. Generally it means that the audit is unable to provide absolute assurance in respect of the area that's reviewed. Sometimes that is because of a limitation of scope, sometimes because there's a limitation on the time that has been awarded in order to delve into the underlying risks and so they can only provide a reasonable standard of assurance. He explained that the level underneath reasonable was limited assurance and that means they have concerns to the level that they feel the underlying objective in relation to that area that

they're looking at might be undermined. The level above was substantial assurance and that means they raise barely any recommendations. Reasonable assurance is somewhere in between those areas and whilst it does cover a wide range, it does so with a reasonable degree of direction from the audit industry.

Councillor Tindall asked if members could be provided with a list of terms and descriptions used by the audit industry to help them form a better understanding.

P Lazenby advised there was a description of every level of assurance on every audit report that comes through this committee as well as on the annual report. He said he was more than happy to provide members with further details if they need it.

Councillor Riddick drew attention to the last sentence of the minutes under safeguarding and prevention. He questioned why contractors under £75,000 didn't comply with safeguarding standards.

N Howcutt explained we have different procurement regulations for different values of contracts; when a contract is less than £75,000 we don't monitor whether the contractors are abiding by their legislative health and safety requirements. That doesn't mean they're not abiding by them, but because of the volume of contracts we have under £75,000 it's almost impossible for us to understand if they are. They are still expected to follow all the legislative health and safety requirements and that is included in the contract that they sign.

Councillor Riddick explained his email address had recently been subject to a cyber-attack. He felt this may have been part of a pattern as the email circulated was identical to one that had been circulated impersonating the previous Mayor. He asked if there was anything we could do to tighten up security for incidents like these.

N Howcutt replied that was something for them to take away and discuss with ICT who would have been investigating what had happened. He advised that cybercrime was very repetitive and the methodology will be used over and over again on multiple people and organisations, which is how they make money. We have updated a lot of our cyber software this year and have also had a review done by internal audit in the last 12 months on our cyber defence systems. We're also part of the Public Sector Network (PSN) accreditation as well which means we have to pass certain safety barriers to get on to that. He summarised that as an organisation we do what we can but cybercrime is becoming more prevalent and the public sector and local authorities are being attacked more and more.

P Lazenby added that TIAA and many other audit or specialist firms do offer services such as penetration testing and services where they will email your organisation to see who clicks on links, whether individuals save and download things, they will set up names that look like the email is from an authoritative source so you can see how people react and then a report would be produced at the end of it. This testing usually allows an organisation to embed learning in a proactive way. He highlighted that it wasn't a cheap service, but it depends how an organisation prioritises its resources and risks.

Councillor Silwal said when he had received scam emails before the ICT team have just advised to block the sender and delete the email. He queried if there were any other actions that needed to be taken.

N Howcutt suggested that was something to discuss with ICT. He referred to the penetration project P Lazenby had mentioned and advised that ICT had recently undertaken one of these projects. Lessons had been learned from it and have formed part of the most recent cyber updates.

It was proposed that the approval of the minutes would be deferred until the next meeting. This was agreed by the committee.

There were no outstanding actions to discuss.

4. PUBLIC PARTICIPATION

None.

5. AUDIT COMMITTEE TRAINING

P Lazenby led the training session for members. This focused on the roles and functions of an audit committee member.

6. WORK PROGRAMME

N Howcutt advised that the September committee would include all the financial statements and potentially revised strategic risk registers.

He said he would like to schedule in more training sessions with members throughout the year to focus on specific subject areas. He will be liaising with P Lazenby to pencil in dates for these sessions.

Members are welcome to contact him prior to the meeting if they have any questions.

The Chairman thanked everyone and closed the meeting.

The meeting ended at 8.38 pm.



Audit Committee

Report for:	Audit Committee
Title of report:	Final Outturn 2021-22
Date:	15 th September 2022
Report on behalf of:	Cllr Graeme Elliot, Portfolio Holder for Corporate Services
Part:	I
If Part II, reason:	N/A
Appendices:	Appendix A – General Fund Revenue Final Outturn 2021-22 Appendix B – Housing Revenue Account Final Outturn 2021-22 Appendix C – Capital Programme Final Outturn 2021-22 Appendix D- Reserves position as at 31 March 2022
Background papers:	None.
Glossary of acronyms and any other abbreviations used in this report:	GF – General Fund HRA – Housing Revenue Account

Report Author

Fiona Jump, Head of Financial Services



Fiona.Jump@dacorum.gov.uk / 01442 228162 (ext. 2162)

Responsible Officer

Nigel Howcutt, Chief Finance Officer



Nigel.Howcutt@dacorum.gov.uk / 01442 22862 (ext. 2662)

Corporate Priorities	A clean, safe and enjoyable environment Building strong and vibrant communities Ensuring economic growth and prosperity
-----------------------------	---

	<p>Providing good quality affordable homes, in particular for those most in need</p> <p>Ensuring efficient, effective and modern service delivery</p> <p>Climate and ecological emergency</p>
Wards affected	All
Purpose of the report:	<ol style="list-style-type: none"> 1. To provide details of the Final Outturn 2021-22 for the: <ul style="list-style-type: none"> • General Fund • Housing Revenue Account • Capital Programme
Recommendation (s) to the decision maker (s):	<ol style="list-style-type: none"> 1. That Committee review the final financial outturn for 2021/22 (Appendices A and B) and note the final financial outturn position for 2021-22. 2. That Committee approve the following reserve movement for 2021-22, as set out at 2.5: <ul style="list-style-type: none"> • a draw- down of £11.149m from the Funding Equalisation Reserve to support statutory payments in respect of the business rates deficit on the Collection Fund in 2021-22. • A contribution of £6.856m to the Funding Equalisation Reserve to support statutory payments in respect of the business rates deficit on the Collection Fund in 2022-23. • A contribution of £0.448m from the Covid Hardship Reserve, to support the cost of the Council Tax Hardship relief scheme in 2021-22. 3. That Committee review the Capital Programme Outturn for 2021-22 (Appendix C). 4. That Committee review the balances on earmarked reserves as at 31 March 2022.

1 Introduction:

- 1.1** This provisional financial outturn was presented to Cabinet on 12th July 2022. The reported provisional outturn position included:

- General Fund (GF) revenue budgets: a surplus of £0.565m. Cabinet recommended to Council that this surplus be transferred into a newly created Inflationary Pressures reserve, to help the Council meet unexpected inflationary pressures in 2022-23 and beyond.
 - Housing Revenue Account (HRA) revenue budgets: a balanced outturn position.
 - The GF capital programme: further slippage of £2.777m and a pressure of £1.078m. The slippage is the combined position across a number of different schemes. The pressure is driven by expenditure on the Highbarns stabilisation project and expenditure on Garages. Highbarns expenditure was previously approved for revenue reserve funding and following additional technical advice has been capitalised. The Garages expenditure was approved by Cabinet in March 2022.
 - The HRA capital programme: further slippage of £0.595m and an underspend of £0.141m. The slippage relates predominantly to commissioned capital works on the Council's housing stock.
- 1.2** This final outturn report for 2021-21 has been produced following finalisation of reserve movements for the year, audit work undertaken in conjunction with our external auditors and the publication of the Audit Findings Report by the Council's external auditors. The completion of the external audit process is subject to the completion of the audit of the Hertfordshire County Council Pension Fund.
- 1.3** The overall position for HRA revenue, GF capital and HRA capital are unchanged from the position reported to Cabinet at provisional outturn.
- 1.4** The position for GF revenue at final outturn is a balanced outturn position. This position now includes:
- The reserve transfers recommended by Cabinet for approval to Council as part of provisional outturn report.
 - The final reserve transfers proposed for Audit Committee approval at section 2.5 below and the recommendations to this report.

2 General Fund Revenue Outturn

- 2.1** Appendix A provides an overview of the General Fund forecast outturn position. This is summarised in the table below

Table 1- General Fund Provisional Outturn 2021-22	Current Budget £m	Forecast Outturn £m	Variance	
			£m	%
Finance & Resources	11.752	14.902	3.150	26.8%
Strategic Planning and Environment	0.962	1.179	0.217	22.6%
Housing and Community	9.678	9.889	0.211	2.2%
Net Cost of Services	22.392	25.970	3.578	16.0%
Investment Property	(3.485)	(4.246)	(0.761)	21.8%
Core Funding	(20.107)	(15.842)	4.265	(21.2%)
Contribution To/ (From) Earmarked Reserves	1.199	(5.882)	(7.081)	(590.6%)
(Surplus)/ Deficit	(0.001)	0.000	0.001	

- 2.2** Key variances (greater than £0.100m) are outlined below and are unchanged from provisional outturn.

2.3 Housing and Community

A pressure of £0.310m has arisen against the budget for Temporary Accommodation (TA) income.

This has arisen from void properties in the Council's hostels and in properties used for TA. During 2021-22 it has not been possible to achieve maximum capacity on all units and would have been unsafe to do so due to the pandemic. In properties being used for TA, there were a high number of void properties due to complexity of the work required to ensure the properties are fit for purpose.

The pressure is also driven by a project to convert new units into TA. This has taken longer than anticipated due to the extensive work that is required in converting the properties into suitable accommodation, including obtaining planning permission.

2.4 Strategic Planning and Environment

There is a pressure against Waste Services £0.700m, funded via previously approved reserve draw-downs. This is partly offset by a favourable variance to budget arising from gates fees on co-mingled recycling, £0.360m.

2.5 Finance and Resources

There is a shortfall against budgeted income relating to car-parking of £0.500m. Additional costs relating to insurance £0.400m have been incurred during the year, a proportion of which has been recovered via an increase in recharges from the General Fund to the HRA, included in the balances against 'Core Funding' in table 1. Additional costs have been incurred relating to Property Services £0.500m.

A technical adjustment relating to an upfront pension contribution made during 2020-21 £1.600m. This payment was budgeted for in 2021-22 as a contribution to reserves. In agreement with external audit, is accounted for in 2021-22 as part of the net cost of services.

2.6 Core Funding

Additional grant funding received during the year. This includes £6.800m relating to business rates reliefs, including Covid-related reliefs

The Council paid a deficit of £11.450m to the Collection Fund in respect of business rates. This was offset by a draw-down from the Funding Equalisation Reserve of balances transferred to that reserve in 2020-21.

In addition, the level of income recovered by the General Fund for services provided to the HRA has exceeded budget by £0.290m.

2.5 Reserve movements

The following reserve movements are incorporated into the final outturn position.

- A draw-down of £11.149m from the Funding Equalisation Reserve to support statutory payments in respect of the business rates Collection Fund deficit. Grant funding relating to the Collection Fund was transferred to this reserve at the end of 2020-21 for this specific purpose, under Collection Fund accounting requirements.
- A contribution of £6.856m to the Funding Equalisation Reserve relating to 2021-22 Collection Fund balances. The balance has arisen as part of the finalisation of the Collection Fund position for 2021-22. Included within this amount are balances that will support payment of the business rates Collection Fund deficit in 2022-23 under Collection Fund accounting requirements.

- A contribution of £0.448m from the Covid 19 Hardship Reserve, to support the cost of the Council Tax Hardship relief scheme in 2021-22. This reserve was created at the end of 2020-21 specifically for this purpose.

3 Housing Revenue Account Position

3.1 The HRA is a ring-fenced account relating to the Council's Landlord functions. A guiding principle of the HRA is that revenue raised from rents and service charges must be sufficient to fund expenditure incurred. The provisional outturn position for the HRA is shown at Appendix B.

3.2 The HRA is reporting a balanced final outturn position for 2021-22, unchanged from the provisional outturn position

3.3 Dwelling Rents - £0.240m under achievement in income

The void rate on dwellings is running slightly higher than the budgeted 0.8%, at 1.16%. This is particularly attributable to voids at sheltered schemes as a direct result of the pandemic.

3.4 Contribution towards Expenditure - £0.520m over achievement in income

Additional income over budget for minor capital receipts and rechargeable works has been achieved during the year.

3.5 Repairs and Maintenance, Supervision and Management and Recharges- £0.760m pressure against budget

This pressure is comprised of a number of items including the following:

- £0.180m share of the Council's Transformation programme costs. This figure includes £0.100m of costs incurred by the General Fund and recovered by the HRA recharge process, the balance being Transformation costs incurred directly by the HRA. The funding of these costs from the HRA was previously approved by Council during 2021-22.
- £0.200m of expenditure required to ensure asbestos compliance
- £0.240m in additional insurance costs.

Included within the total pressure is a £0.450m technical adjustment relating to an upfront pension contribution made during 2020-21. This payment was budgeted for in 2020-21 but in agreement with external audit, is accounted for in 2021-22 against supervision and management costs.

3.6 Other Expenditure (Rent, Rates and Taxes, Provision for Bad Debt)- £0.450m underspend

A pressure has arisen due to Council Tax liability from the change in empty homes discount from 3 months to 1 month. This pressure was seen in 2020-21 and is continued into 2021-22.

Whilst tenants have needed the support of the service during a challenging year, the budget allocation to top up the bad debt provision has not been required in full. Arrears are down 10% year on year and collection rates are up, therefore the bad debt provision is estimated to be lower than budgeted. The full projected impact of pandemic and Universal Credit on bad debt has not been realised to date.

4 Housing Revenue Account- Technical and Accounting Adjustments

4.1 In addition to the service-related variances above, technical adjustments have arisen. They can be balanced by a reduction in the revenue contribution to capital.

4.2 Interest and Investment Income - £0.150m under achievement in income

This pressure has arisen due to interest rates remaining very low during 2021-22 following the Bank of England base-rate reduction in March 2020.

4.3 Interest Payable - £0.200m underspend

A revised forecast outturn is reported based on an updated interest schedule and interest charges are lower than budgeted.

4.5 Depreciation - £2.630m over budget

An increased depreciation charge has been seen this year to due increases in the value of the Council's housing stock.

5 Capital Programme

5.1 Appendix C shows the projected capital final outturn in detail by scheme. The position is unchanged from provisional outturn.

The table below summarises the overall capital outturn position by Scrutiny committee area.

The current budget is the original budget approved by Cabinet in February 2021, plus approved in year amendments.

The 'rephasing' column refers to projects where expenditure is still expected to be incurred but will now be in 2022/23 rather than 2021/22 ('slippage'), or conversely, where expenditure planned initially for 2022/23 has been incurred in 2021/22 ('accelerated spend').

The 'Variance' column refers to projects which are expected to come in under or over budget and projects which are no longer required.

Table 2- Final Outturn 2021-22	Current Budget £000	Re-phasing (To)/from future years £000	Revised Budget £000	Forecast Outturn £000	Variance	
					£000	%
Finance and Resources	3.699	(0.584)	3.115	3.658	0.543	14.7%
Strategic Planning and Environment	2.610	(0.335)	2.275	2.437	0.163	6.2%
Housing & Community	3.639	(1.858)	1.781	2.153	0.372	10.2%
GF Total	9.948	(2.777)	7.170	8.248	1.078	10.8%
HRA Total	21.616	(0.595)	21.021	20.880	(0.141)	(0.7%)
Grand Total	31.563	(3.372)	28.191	29.128	0.937	3.0%

5.2 General Fund Capital Programme Major Variances

General Fund capital budgets are reporting further slippage of £2.777m. The slippage of includes the following items:

- Line 58: Slippage of £0.222m against Rossgate Shopping Centre structural works relating to phase 2 of the works.

- Line 86: Slippage of £0.330m on the Fleet Replacement programme due to delays in delivery of new fleet from manufacturers.
- Line 106: Accelerated spend of £0.222m against the Berkhamsted Leisure Centre redevelopment.
- Line 109: Slippage of £0.135m against car park refurbishment works
- Line 153: Slippage of £0.273m against Disabled Facilities Grant. Not all grant budgeted to be spent in 2021-22 has been allocated. The unspent balance will be carried into 2022-23.
- Line 157: slippage of £0.488m against payment of capital grants to Registered Providers (RPs) (Affordable Housing Development Fund). Delays in RP developments mean that Council contributions to these developments have slipped to meet revised programme builds.
- Line 159: Slippage of £0.275m against the creation of new temporary accommodation units.
- Line 160- slippage of £0.824m against the creation of affordable housing move on units at Aragon Close.

There is a pressure of £0.372m against General Fund capital budgets, including the following items:

- Line 152: a pressure of £0.293m on garages. This additional spend was approved by Cabinet in March 2022.
- Line 202: and overspend of £0.630m on stabilisation works at Highbarns. These works originally received approval for funding via revenue reserves and will now be capitalised.

Note that the following schemes includes expenditure funded by external grant funding or other external contributions, which offsets the stated pressure:

- Line 120: Rolling programme- hardware.
- Line 137: Adventure Playgrounds
- Line 116: CCTV equipment refresh

5.3 Housing Revenue Account Major Variances

There is further slippage of £0.595m in the HRA capital programme. This includes the following items:

- Line 178: Slippage of £0.281m on Planned Fixed Expenditure relating to the Asset Management contract.
- Line 181: Slippage of £0.213m relating to communal gas and heating.
- Line 182: Slippage of £1.051m relating to DBC commissioned capital works.
- Accelerated spend of £0.614m against the Council's new build housing programme.

There is a minor underspend of £0.141m against the HRA capital programme. The represents less than 1% of the current budget.

6 Financial and Value for Money implications

6.1 Contained within the body of the report

7 Legal Implications

7.1 The Council has a statutory responsibility to make arrangements for the proper administration of its financial affairs. This report forms part of these arrangements.

8 Equalities, Community Impact and Human Rights

8.1 Community Impact Assessments on Council activities are carried out by relevant services with responsibility for those activities. A separate Community Impact Assessment has not been carried out in respect of this report.

8.2 There are no Human Rights Implications arising from this report.

9 Sustainability implications

9.1 There are no specific sustainability implications arising from this report.

10 Council infrastructure

10.1 The content of this report sets out the implications of the Council's activities for its financial resources for 2021-22.

11 Conclusions

11.1 At final outturn 2021-22, there is a balanced position against Council General Fund and Housing Revenue Account budgets

11.2 At final outturn 2021-22, General Fund capital budgets are reporting slippage of £2.777m with a pressure of £1.078m. Against Housing Revenue Account capital schemes, there is slippage of £0.595m and an underspend of £0.141m.

Dacorum Borough Council General Fund Final Outturn 2021/22	Budget £000	Actuals £000	Variance £000
Finance and Resources	11,752	14,902	3,150
Housing and Community	962	1,179	217
Strategic Planning and Environment	9,678	9,889	210
Net Cost of Services	22,393	25,970	3,577
Investment Property	(3,485)	(4,246)	(761)
Interest on Investment Income, Interest Payable and Minimum Revenue Provision	612	790	178
Parish Precept Payments	1,000	1,000	0
Government Grants	(1,968)	(8,764)	(6,796)
Revenue Contribution to Capital	350	1,148	798
Council Tax	(13,003)	(13,413)	(410)
Business Rates	(2,491)	8,295	10,786
Net (Income)/ Cost- Other Items	(18,985)	(15,190)	3,795
(Surplus)/ Deficit on Provision of Services	3,408	10,780	7,372
Net Recharge to the HRA	(4,607)	(4,898)	(291)
Contribution To / (From) Earmarked Reserves	1,199	(5,882)	(7,081)
Net Movement on General Fund Working Balance	(0)	0	0

Dacorum Borough Council Housing Revenue Account Final Outturn 2021/22	Budget £000	Actuals £000	Variance £000
Dwelling Rents	(55,715)	(55,474)	241
Non Dwelling Rents	(102)	(99)	3
Charges for Services and Facilities	(1,849)	(1,848)	1
Interest on Investment Income	(192)	(47)	145
Contributions towards expenditure	(645)	(1,160)	(515)
Total Income	(58,503)	(58,628)	(125)
Repairs and Maintenance	11,568	11,676	108
Supervision and Management	9,456	9,820	364
Recharges	4,607	4,898	291
Depreciation	12,905	15,530	2,625
Revenue Contribution to Capital	7,371	4,735	(2,636)
Interest Payable	11,586	11,389	(197)
Other Expenditure	1,010	560	(450)
Total Expenditure	58,503	58,608	105
(Surplus)/ Deficit prior to reserve movements	0	(20)	(20)
Contribution To / (From) Reserves	0	20	20
HRA Deficit / (Surplus)	0	0	0
Working Balance Brought Forward	(2,894)	(2,894)	0
Working Balance Carried Forward	(2,894)	(2,894)	0

CAPITAL PROGRAMME 2021-22 FINAL OUTTURN

Appendix C

Scheme	Original Budget	Prior Year Slippage	Adj's, Supps, Virements	Adjustments (Slip. C/F)	In-Year Adjustments	Current Budget	YTD Spend	Projected Outturn	Forecast Slippage	Projected Over / (Under)
General Fund										
Finance and Resources										
Property Services										
46 Strategic Acquisitions	0	0	0	0	0	0	0	0	0	0
47 Service Lease Domestic Properties	30,000	0	0	0	0	30,000	21,882	21,882	(8,118)	0
48 Old Town Hall - Cafe Roof and stonework renewal	0	60,000	0	(60,000)	(60,000)	0	0	0	0	0
49 Demolition of Civic Centre	0	0	0	0	0	0	31,395	31,395	0	31,395
50 Berkhamsted Civic Centre Staircase Renewal	0	0	0	0	0	0	1,100	1,100	0	1,100
51 Berkhamsted Civic Centre Lift Renewal	20,000	0	0	0	0	20,000	10,865	10,865	0	(9,135)
52 Renew Mains Water Supply to Berkhamsted Civic Centre	25,000	0	0	0	0	25,000	10,251	10,251	0	(14,749)
53 Boxmoor War Memorial Structural Improvements	0	0	0	0	0	0	500	500	500	0
54 Tring Community Centre - new play area for Children's Nursery	0	11,144	0	0	0	11,144	0	0	(11,144)	0
55 Adeyfield Community Centre Structural Improvements	17,000	0	0	(17,000)	(17,000)	0	0	0	0	0
56 Boiler Replacement Programme	140,000	(71,245)	0	0	0	68,755	63,709	63,709	(5,046)	0
57 Tring Community Centre - Retaining Wall for New Play Area	20,000	0	0	0	0	20,000	0	0	(20,000)	0
58 Rossgate Shopping Centre - Structural Works	0	300,901	0	0	0	300,901	79,324	79,324	(221,577)	(0)
59 Bennettsgate Shopping Centre - External Render	0	0	0	0	0	0	0	0	0	0
60 100 High St (Old Town), Hemel - Window Replacement	0	14,000	0	0	0	14,000	0	0	(14,000)	0
61 Long Chaulden Roof	0	55,020	0	0	0	55,020	0	0	(55,020)	0
62 Bellgate - Walkway Renovation	0	27,000	0	(74,780)	(74,780)	(47,780)	7,450	7,450	55,230	0
63 Bennettsgate - Window Renewal	0	74,780	0	0	0	74,780	0	0	(74,780)	0
64 Commercial Assets - Shopping Centres	0	4,897	0	0	0	4,897	47,440	47,440	0	42,543
65 Improvement Works to Market Stores	0	20,000	0	0	0	20,000	22,477	22,477	0	2,477
66 Refurbishment of Dacre House	450,000	0	0	0	0	450,000	265,210	265,210	0	(184,790)
67 Renew Surface Water Drains to Henry Wells Square	40,000	0	0	0	0	40,000	20,900	20,900	(19,100)	0
68 Void Commercial Property Refurbishment	70,000	0	0	0	0	70,000	86,258	86,258	0	16,258
69 Bennettsgate - Structural Concrete Improvements & Façade Renewal	90,000	0	0	(79,500)	(79,500)	10,500	10,238	10,238	(262)	0
70 Bellgate - Concrete Renewal & Refurbishment	25,000	0	0	0	0	25,000	0	0	(25,000)	0
71 Village Centre - Soffits & Facias	45,000	0	0	0	0	45,000	0	0	(45,000)	0
72 9 High Street Tring, Electrical Works	21,000	0	0	0	0	21,000	6,207	6,207	(14,793)	0
73 Broadwater Road Resurfacing	93,000	0	0	0	0	93,000	0	0	(93,000)	0
74 Gadebridge Park Roadway Improvements	0	0	0	0	0	0	0	0	0	0
75 Allotment Improvement Programme	40,000	9,590	0	0	0	49,590	32,840	32,840	(16,750)	0
76 Stone Works to Charter Tower	18,000	0	0	0	0	18,000	0	0	(18,000)	0
77 Nickey Line Bridge Refurbishment	50,000	0	0	0	0	50,000	0	0	(50,000)	0
78 Bunkers Farm	0	0	0	0	0	0	4,739	4,739	0	4,739
	1,194,000	506,087	0	(231,280)	(231,280)	1,468,807	722,785	722,785	(635,860)	(110,162)

Scheme	Original Budget	Prior Year Slippage	Adj's, Supps, Virements	Adjustments (Slip. C/F)	In-Year Adjustments	Current Budget	YTD Spend	Projected Outturn	Forecast Slippage	Projected Over / (Under)
Commercial Development										
103 Dacorum Athletics Track - Resurface Track	0	117,029	(80,000)	0	(80,000)	37,029	0	0	0	(37,029)
104 Hemel Hempstead Sports Centre - Astroturf renewal	0	280,000	0	(280,000)	(280,000)	0	0	0	0	0
105 Leisure Works - Replace Pool Cover Structure (Hemel)	0	0	0	0	0	0	(720)	(720)	0	(720)
106 Berkhamsted Leisure Centre Redevelopment	0	500,000	0	77,575	77,575	577,575	799,644	799,644	222,069	0
107 Leisure Centre - Fire Door Improvements	0	0	95,000	0	95,000	95,000	107,501	107,501	0	12,501
108 Hemel Hempstead Leisure Centre - Pool Dosing Equipment	0	0	50,000	0	50,000	50,000	49,220	49,220	0	(780)
109 Car Park Refurbishment	60,000	623,193	0	0	0	683,193	548,193	548,193	(135,000)	(0)
110 Multi Storey Car Park Berkhamsted	0	0	0	0	0	0	2,633	2,633	0	2,633
111 Water Gardens North Car Park Drainage Improvements	35,000	0	0	0	0	35,000	0	0	(35,000)	0
112 Multi Functional Devices	90,000	0	0	(90,000)	(90,000)	0	0	0	0	0
113 Town Centre Access Improvements	0	391,864	215,314	(0)	215,314	607,178	570,059	570,059	0	(37,119)
	185,000	1,912,086	280,314	(292,425)	(12,111)	2,084,975	2,076,530	2,076,530	52,069	(60,514)
Digital Services										
120 Rolling Programme - Hardware	75,000	0	0	0	0	75,000	117,864	117,864	0	42,864
121 Software Licences - Right of Use	40,000	29,850	0	0	0	69,850	28,901	28,901	0	(40,949)
123 Future vision of CRM	(25,000)	123,600	0	(98,600)	(98,600)	0	0	0	0	0
124 Renewal of Data Centre Hardware	0	0	0	0	0	0	0	0	0	0
	90,000	153,450	0	(98,600)	(98,600)	144,850	146,765	146,765	0	1,915
Legal and Democratic Services										
Highbarns Land Stabilisation Project	0	0	0	0	0	0	630,478	630,478	0	630,478
Audio-visual Improvement Works at The Forum	0	0	0	0	0	0	42,512	42,512	0	42,512
	0	0	0	0	0	0	672,990	672,990	0	672,990
Corporate and Commercial										
91 Civic Zone Regeneration Upgrade (DevCo)	0	0	0	0	0	0	38,438	38,438	0	38,438
	0	0	0	0	0	0	38,438	38,438	0	38,438
Totals: Finance and Resources	1,469,000	2,571,623	280,314	(2,104,530)	(341,991)	3,698,632	3,657,509	3,657,508	(583,791)	542,667

Page 17

Scheme	Original Budget	Prior Year Slippage	Adj's, Supps, Virements	Adjustments (Slip. C/F)	In-Year Adjustments	Current Budget	YTD Spend	Projected Outturn	Forecast Slippage	Projected Over / (Under)
Strategic Planning and Environment										
Environmental Services										
82 Wheeled Bins & Boxes for New Properties	100,000	0	0	0	0	100,000	228,040	228,040	0	128,040
83 Waste & Recycling Service Improvements	25,000	0	0	0	0	25,000	24,961	24,961	0	(39)
84 Resurfacing Works and Building Improvement to Depot	0	60,000	0	(60,000)	(60,000)	0	0	0	0	0
85 Chipperfield Common Car Park Resurfacing	200,000	0	0	(200,000)	(200,000)	0	0	0	0	0
86 Fleet Replacement Programme	3,111,905	901,345	0	(1,613,250)	(1,613,250)	2,400,000	2,069,610	2,069,610	(330,390)	0
	3,436,905	961,345	0	(1,873,250)	(1,873,250)	2,525,000	2,322,610	2,322,610	(330,390)	128,000
Development Management and Planning										
142 Planning Software Replacement	0	0	0	0	0	0	8,020	8,020	0	8,020
143 3D Modelling Software for Planning	0	60,000	0	0	0	60,000	50,600	50,600	0	(9,400)
144 Tablets for Planning	0	20,000	0	0	0	20,000	12,020	12,020	0	(7,980)
	0	80,000	0	0	0	80,000	70,640	70,640	0	(9,360)
Strategic Planning and Regeneration										
164 Urban Park/Education Centre (Durrants Lakes)	0	134,015	0	(129,015)	(129,015)	5,000	0	0	(5,000)	0
165 Maylands Business Centre	0	0	0	0	0	0	44,072	44,072	0	44,072
166 The Bury - Conversion into Museum and Gallery	0	53,150	0	(53,150)	(53,150)	0	0	0	0	0
	0	187,165	0	(182,165)	(182,165)	5,000	44,072	44,072	(5,000)	44,072
	0	0	0	0	0	0	672,990	672,990	0	672,990
Totals: Strategic Planning and Environment	3,436,905	1,228,510	0	(4,110,830)	(2,055,415)	2,610,000	2,437,322	2,437,322	(335,390)	162,712

Page 18

Scheme	Original Budget	Prior Year Slippage	Adj's, Supps, Virements	Adjustments (Slip. C/F)	In-Year Adjustments	Current Budget	YTD Spend	Projected Outturn	Forecast Slippage	Projected Over / (Under)
Housing and Community										
Place, Communities and Enterprise										
136 Verge Hardening Programme	350,000	(24,898)	0	(105,102)	(105,102)	220,000	211,066	211,066	(8,934)	0
137 Adventure Playgrounds Improvement Programme	0	0	0	0	0	0	47,604	47,604	0	47,604
138 Capital Grants - Community Groups	20,000	3,500	0	(4,500)	(4,500)	19,000	19,000	19,000	0	0
	370,000	(21,398)	0	(109,602)	(109,602)	239,000	277,669	277,669	(8,934)	47,604
Commercial Development										
152 Garages Renewal Programme	0	0	0	0	0	0	292,545	292,545	0	292,545
	0	0	0	0	0	0	292,545	292,545	0	292,545
Neighbourhood Delivery										
114 Rolling Programme - CCTV Cameras	25,000	1,456	0	0	0	26,456	15,166	15,166	(11,290)	0
115 Alarm Receiving Centre	0	33,627	0	0	0	33,627	0	0	(33,627)	0
116 CCTV Equipment Refresh	110,000	(41,713)	0	0	0	68,287	155,747	155,747	55,460	32,000
	135,000	(6,630)	0	0	0	128,370	170,913	170,913	10,543	32,000
Property and Place										
153 Disabled Facilities Grants	741,000	202,842	0	0	0	943,842	671,008	671,008	(272,834)	0
	741,000	202,842	0	0	0	943,842	671,008	671,008	(272,834)	0
Strategic Housing/ Development										
157 Affordable Housing Development Fund	829,000	275,614	0	0	0	1,104,614	617,020	617,020	(487,594)	0
158 Temporary Accommodation - creation of new units	300,000	23,386	0	0	0	323,386	48,185	48,185	(275,201)	0
159 Aragon Close - Creation of Affordable Housing Move-on Units	0	0	900,000	0	900,000	900,000	75,712	75,712	(824,288)	0
	1,129,000	299,000	900,000	0	900,000	2,328,000	740,917	740,917	(1,587,083)	0
Totals: Housing and Community- General Fund	2,375,000	473,814	900,000	(291,767)	790,398	3,639,212	2,153,052	2,153,051	(1,858,308)	372,148
Total General Fund	7,280,905	4,273,947	1,180,314	(2,787,322)	(1,607,008)	9,947,844	8,247,883	8,247,882	(2,777,490)	1,077,528

Page 19

CAPITAL PROGRAMME 2021-22 FINAL OUTTURN

Appendix C

Scheme	Original Budget	Prior Year Slippage	Adj's, Supps, Virements	Adjustments (Slip. C/F)	In-Year Adjustments	Current Budget	YTD Spend	Projected Outturn	Forecast Slippage	Projected Over / (Under)
Housing Revenue Account										
Housing and Community										
Housing Property Services										
178 Planned Fixed Expenditure	4,635,000	2,242,000	0	(1,077,400)	(1,077,400)	5,799,600	5,518,360	5,518,360	(281,240)	0
179 Pain/Gain Share (Planned Fixed Expenditure)	0	0	0	0	0	0	(296,919)	(296,919)	0	(296,919)
180 M&E Contracted Works	(220,000)	1,320,000	0	(100,000)	(100,000)	1,000,000	1,254,317	1,254,317	100,000	154,317
181 Communal Gas & Heating	(1,000,000)	3,500,000	0	0	0	2,500,000	2,286,725	2,286,725	(213,275)	0
182 DBC Commissioned Capital Works	5,746,000	758,132	0	(2,035,682)	(2,035,682)	4,468,450	3,417,839	3,417,839	(1,050,611)	0
183 Special Projects	(47,147)	847,147	0	(750,000)	(750,000)	50,000	286,979	286,979	236,979	0
	9,113,853	8,667,279	0	(3,963,082)	(3,963,082)	13,818,050	12,467,301	12,467,301	(1,208,147)	(142,602)
Development										
187 New Build - General Expenditure	0	0	0	184,000	184,000	184,000	0	0	0	(184,000)
188 Martindale	0	0	0	0	0	0	3,685	3,685	0	3,685
203 Stationers Place / Apsley Paper Mill	0	0	0	0	0	0	1,129	1,129	0	1,129
189 Bulbourne	823,155	117,165	0	(892,020)	(892,020)	48,300	38,726	38,726	(9,574)	0
190 Coniston Road	925,145	978,087	0	(418,230)	(418,230)	1,485,002	1,596,502	1,596,502	111,500	0
191 Eastwick Row	5,267,730	714,189	0	(4,835,320)	(4,835,320)	1,146,599	1,159,656	1,159,656	13,057	0
197 St Margaret's Way	554,645	(18,886)	0	(217,760)	(217,760)	317,999	318,843	318,843	844	0
198 Paradise Fields	3,276,000	(846,436)	0	(2,212,560)	(2,212,560)	217,004	480,355	480,355	263,351	0
199 Gaddesden Row	(70,985)	69,482	0	0	0	(1,503)	3,471	3,471	0	4,974
199 Randalls Ride	1,611,820	8,019	0	(1,297,840)	(1,297,840)	321,999	549,954	549,954	227,955	0
196 Garage Sites - New Build Developments	4,363,935	768,185	0	(2,157,000)	(2,157,000)	2,975,120	2,893,078	2,893,078	(82,042)	0
197 Wilstone	1,251,000	75,403	0	(750,260)	(750,260)	576,143	666,810	666,810	90,667	0
198 Marchmont Fields	3,042,000	53,470	0	(2,971,700)	(2,971,700)	123,770	172,075	172,075	48,305	0
199 Paradise Depot	1,660,000	128,548	0	(1,608,000)	(1,608,000)	180,548	210,065	210,065	29,517	0
200 Cherry Bounce	245,000	265,190	0	(287,690)	(287,690)	222,500	142,547	142,547	(79,953)	0
201 Stoneycroft and Great Sturgess	0	0	0	0	0	0	175,891	175,891	0	175,891
	22,949,445	2,312,416	0	(17,464,380)	(17,464,380)	7,797,481	8,412,786	8,412,786	613,626	1,679
Totals: Housing and Community- HRA	32,063,298	10,979,695	0	(21,427,462)	(21,427,462)	21,615,531	20,880,087	20,880,087	(594,521)	(140,923)
Total General Fund and HRA	39,344,203	15,253,642	1,180,314	(24,214,784)	(23,034,470)	31,563,375	29,127,969	29,127,969	(3,372,010)	936,605

General Fund Reserves Summary 31 March 2022	Balance as at 31/03/2021 £'000	Budgeted Movement 2021/22 £'000	Net Reserve Movement 2021/22 £'000	Balance as at 31/03/2022 £'000
Civic Buildings Major Repairs Reserve	60			60
Capital Development Reserve	300			300
Earmarked Grants Reserve	44			44
Management of Change Reserve	756	(52)	(499)	257
Technology Reserve	756	(34)	(4)	752
Savings Efficiencies Reserve	1,207	721	(300)	907
On Street Car Parking Reserve	135		(27)	109
Local Development Framework Reserve	515	(155)	(38)	477
Dacorum Development Reserve	848	2,400	1,859	2,707
Climate Change and Sustainability Reserve	266	(100)	(54)	212
Litigation Reserve	317			317
Vehicle Replacement Reserve	0			0
Invest to Save Reserve	82	(20)	(20)	62
Youth Provision Reserve	44			44
Election Reserve	40	40	40	80
Uninsured Loss Reserve	360			360
Training & Development Reserve	375	(275)	(242)	133
Housing Conditions Survey Reserve	61	15	15	76
Dacorum Rent Aid - Guarantee Scheme	15			15
Rent Guarantee Scheme Reserve	15			15
Funding Equalisation Reserve	14,642	(300)	(4,594)	10,048
Pensions Reserve	2,373	1,017	200	2,573
Maylands Plus Reserve	46	23		46
Covid 19 Hardship Fund	581		(448)	133
Economic Recovery Reserve	5,142	(2,081)	(2,335)	2,807
Inflationary Pressures Reserve	0		565	565
Total Earmarked Reserves	28,980	1,199	(5,882)	23,098
Working Balance	2,502			2,502
Total General Fund Reserves	31,482	1,199	(5,882)	25,600



Audit Committee

Report for:	Audit Committee
Title of report:	Statement of Accounts 2021/22
Date:	15 th September 2022
Report on behalf of:	Cllr Graeme Elliot, Portfolio Holder Finance & Resources
Part:	I
If Part II, reason:	N/A
Appendices:	Appendix A- Statement of Accounts 2021/22 Appendix B- Letter of Representation 2021/22
Background papers:	Audit Findings Report 2021/22, Audit Committee 15 th September 2022.
Glossary of acronyms and any other abbreviations used in this report:	CIPFA: Chartered Institute of Public Finance and Accountancy The Code: Code of Practice on Local Authority Accounting 2021/22

Report Author

Lexi Schultz , Team Leader, Financial and Regulatory Accounting



Lexi.schultz@dacorum.gov.uk / 01442 228533(ext. 2533)

Responsible Officer

Nigel Howcutt , Chief Finance Officer



Nigel.howcutt@dacorum.gov.uk / 01442 228662 (ext. 2662)

Corporate Priorities	<ul style="list-style-type: none"> A clean, safe and enjoyable environment Building strong and vibrant communities Ensuring economic growth and prosperity Providing good quality affordable homes, in particular for those most in need
-----------------------------	--

	Ensuring efficient, effective and modern service delivery Climate and ecological emergency
Wards affected	All
Purpose of the report:	1. To present the audited Statement of Accounts 2021/22 for Members' approval.
Recommendation (s) to the decision maker (s):	<ol style="list-style-type: none"> 1. review the Statement of Accounts 2021/22 (Appendix A) and raise any matters on which assurance is sought in order to approve the Statements on behalf of the Council; 2. Subject to consideration of the External Auditor's Audit Findings Report, approve the Letter of Representation (Appendix B) in the capacity of those charged with Governance and; 3. subject to a) and b) above, approve the Statement of Accounts for 2021/22. 4. delegate to the Chair of the Audit Committee to sign the final accounts upon receiving the final audit opinion subject to no material changes.
Period for post policy/project review:	Not applicable.

1 Background:

1.1 The Account and Audit Regulations requires local authorities to approve their financial statements for 2021/22 by 30th November 2022. The appointed Auditor must complete their audit and issue the relevant audit opinion to ensure the statutory deadline is met. The Council's appointed Auditor is Grant Thornton UK LLP.

1.2 The purpose of the external audit of the financial statements is to give an opinion on:

- whether they present a "true and fair" view of the financial position of the audited body and its expenditure and income for the year in question; and
- whether they have been prepared properly in accordance with relevant legislation and applicable accounting standards.

1.3 The Auditor's opinion is added to the Statement of Accounts, with further detail of the audit findings provided in the Audit Findings Report to the Council. The Audit Findings Report appears as a separate agenda item for Audit Committee on 15th September 2022.

1.4 The Statement of Accounts were prepared in accordance with the Code of Practice on Local Authority Accounting 2021/22 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

2 Statement of Accounts:

2.1 The role of the Chief Finance is to present the Council's annual Statement of Accounts to this Committee for formal approval.

2.2 The published accounts of the Council are an essential means by which it demonstrates stewardship of its resources and its financial performance in using those resources.

2.3 The Chief Finance Officer is required to:

- ensure the regularity of transactions, by putting in place systems of internal control to ensure financial transactions are lawful;
- maintain proper accounting records; and
- prepare financial statements that give a true and fair view of the financial position of the body and its expenditure and income.

2.4 The Statement of Accounts includes:

2.5 A **Narrative Report** which provides a user friendly guide to the most significant matters reported in the accounts and an overview of the Council's financial performance for the year.

2.6 The **Expenditure and Funding Analysis** showing how annual expenditure is used and funded from income (government grants, rents, council tax and business rates) in comparison with the income and expenditure in accordance with generally accepted accounting practices. It shows how this expenditure is allocated for decision making purposes between the Council's committees.

2.7 The **Comprehensive Income and Expenditure Statement (CIES)** reports the net cost for the year of all functions for which the Council is responsible and demonstrates how that cost has been financed from general government grants and income from local taxpayers. The **Comprehensive Income and Expenditure Statement (CIES)** for 2021/22 reflects a net surplus of £102.7m and consists of the following:

- a. Deficit on the Provision of Services of £6.8m (2020/21 deficit of £16.2m);
- b. Other Comprehensive Income of £109.5m (2020/21 expenditure of £18.8m) consisting of £80.4m surplus on the revaluation of property and £29.1m actuarial gains on the Pension Fund.

2.8 The decrease in the deficit on the Provision of Services of £9.4m between years is due to:

- a. A decrease in the Total Cost of Services of £14.7m;
- b. An overall decrease in Other Operating income of £1.6m, driven by a decrease in gains on the disposal of non-current assets;
- c. An increase in Financing and Investment net Expenditure of £6.4m;
- d. An increase in taxation and Non Specific Grant Income of £2.7m.

- 2.9 The **Balance Sheet** is fundamental to understanding the Council's financial position at year end. It shows the balances, reserves, the long term indebtedness and the fixed and net current assets employed in its operations.
- 2.10 The **Movement in Reserves statement** shows the movement in the year on the different reserves held by the Council, analysed into 'useable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and 'other reserves'.
- 2.11 The **Cash Flow Statement** shows the movement in cash and cash equivalents held by the Council throughout the year. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.
- The **Housing Revenue Account (HRA)** is 'ring-fenced' from the General Fund. This reflects the Council's statutory obligation to maintain a separate revenue account for local authority housing provision in accordance with Part 6 of the Local Government and Housing Act 1989.
 - The **Collection Fund** account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to Non-Domestic Rates and Council Tax, and illustrates the way in which these have been distributed to preceptors and the General Fund.
- 2.12 The Council is required to submit a letter of representation to its appointed Auditor. This letter confirms the basis upon which the Council has produced its Statement of Accounts and how the Council has participated in the external audit process. This letter is contained at Appendix B to this report.
- 2.13 **Balance Sheet:** The Council's net worth was £1.103bn as at 31 March 2022, which represents an increase of £102.7m on the previous financial year. The change between years is made up of movements in both the deficit on the Provision of Services and Other Comprehensive Income and Expenditure.
- 2.14 The **HRA Statement** shows a deficit of £3.0m for 2021/22. This is a decrease of £7.8m on the deficit reported in 2020/21, which was £10.8m.

Changes to the Draft Accounts Approved by the Chief Finance Officer:

- 2.15 The Council published its draft Statement of Accounts on 5th July 2022, in line with the statutory deadline of the 31st July 2022. Since its publication, Council officers have agreed the following changes:
- Balance Sheet: a £2.6m reduction to Property, Plant and Equipment (note 25) and the Revaluation Reserve (note 30) as a Surplus Asset valuation was adjusted. This also changed the Surplus/Deficit on revaluation of Property, Plant and Equipment line in the Comprehensive Income and Expenditure Statement.
 - an update to the grants note (note 17), to remove some grants where the Council is acting as an agent not principal.
- 2.16 More detail on the findings of the appointed auditor can be found in the Audit Findings Report, a separate agenda item at Audit Committee on 15th September 2022.

3 Financial and value for money implications:

3.1 The published accounts are an essential means by which the Council demonstrates its stewardship of the resources and accounts for its financial performance.

4 Legal Implications:

4.1 The Council has a statutory obligation to publish its audited accounts by 30th November 2022 under the Accounts and Audit Regulations.

5 Risks

5.1 The Council's audit certificate is dependent on our auditors receiving the audit letter from the Hertfordshire Pension Fund auditors. This is expected in late September/October.

6 Equalities, Community Impact and Human Rights:

6.1 A Community Impact Assessment is not required. There are no Human Rights Implications.

7 Conclusions:

7.1 The Statement of Accounts represents a detailed picture of the Council's financial activity for 2021/22. Members are asked to review the accounts and Letter of Representation presented to them today and approve these documents.



Dacorum Borough Council

**Statement of Accounts
2021/22**

CONTENTS

Introduction by the Leader of the Council	2
Introduction by Chief Finance Officer	3
Audit Opinion	
Narrative Report by the Chief Finance Officer	4
Statement of Responsibilities for the Annual Statement of Accounts	15
Annual Governance Statement	16
Core Financial Statements	
Comprehensive Income and Expenditure Account	27
Movement in Reserves Statement	28
Balance Sheet	29
Cash Flow Statement	30
Notes to the Core Financial Statements	31
	37
Supplementary Financial Statements	
Housing Revenue Account and Notes	74
Collection Fund and Notes	78
Glossary of Terms	81

Introduction – Leader of the Council

Welcome to Dacorum Borough Council's annual Statement of Accounts for the financial year 2021/22.

These accounts show you how we managed our finances in 2021/22 whilst delivering against our key priorities below:

- A clean, safe and enjoyable environment
- Building strong and vibrant communities
- Ensuring economic growth and prosperity
- Providing good quality, affordable homes, in particular for those most in need
- Ensuring efficient, effective and modern service delivery
- Climate and Ecological Emergency

As a result of the pandemic, we have had to make significant changes to the way we delivered many of our services, with more virtual and online contact than ever before. Many of our frontline services have experienced challenging and sustained pressure, especially our homeless prevention, community safety, refuse and environmental teams. The Council's priority during this time has been to ensure everyone who needs help is supported, especially the most vulnerable. The Council has worked to ensure the most vulnerable members of society are protected and that essential Council services continue to be provided.

This year has been challenging for our local businesses. We have issued over £16.5m of government grants to over 2,000 businesses, together with advice and support, to help our local businesses through this difficult time. We also secured funding for the appointment of six Covid Advisors, who carried out over 1,000 self-isolation support visits, to offer guidance and support to businesses and the wider community. Our Environmental Health Officers also visited 445 businesses to ensure infection control measures were in place.

During 2021/22, the Council has:

- Supported local businesses to promote growth and employment opportunities.
- Continued to invest in new affordable homes in the borough via the Council's new build housing programme and via grant funding to other providers of affordable housing.
- Delivered further improvements at our Adventure Playgrounds, to develop and enhance the range of activities and facilities on offer.
- Introduced enforcement of Public Spaces Protection Orders, tackling littering and other anti-social behaviours.
- Provided more funding to community projects via the Green Community Grant scheme.
- Worked with partner authorities on proposals for a new residential and commercial development for Hemel Hempstead, known as Hemel Garden Communities, delivering more than 11,000 new homes and 10,000 new jobs by 2050.
- Established the partnership Economic Recovery Board to support business growth, skills development and job creation in Dacorum.
- Established the Hemel Place Board to develop a new Place Strategy for Hemel Hempstead and the town centre to bring about regeneration and investment.

During 2022/23, Dacorum Borough Council will:

- Host a free Platinum Party in the Park to celebrate the Queen's Platinum Jubilee.
- Host the Queen's Baton Relay in Hemel Hempstead, as part of the lead up to the Commonwealth Games in Birmingham 2022.
- Continue to ensure that those who need help due to the impact of the coronavirus pandemic are supported.
- Develop a robust Commercial Strategy to support the Council's medium term financial strategy.
- Help the local business community through the recovery phase of the pandemic.
- Continue to build new Council homes for local people.
- Continue to work with our partners to eradicate street homelessness by 2027.
- Continue to increase our recycling rates, working towards a target of 65%.
- Progress key projects for the Council, including Hemel Garden Communities and the Hemel Place Strategy.

Over the next financial year, we will continue to ensure we improve the services we deliver and make them as efficient as possible, and seek to generate more income so we can continue to deliver the best possible services to our residents and businesses, alongside our plans for growth and recovery from COVID-19, and our priorities as set out in our Corporate Plan (2020-2025).

Introduction – Chief Finance Officer

As the Council's Chief Financial Officer, I have pleasure in presenting Dacorum Borough Council's Statement of Accounts for 2021/22.

The Narrative Report and the notes that follow give you a clear picture of the figures making up our Statement of Accounts and show how the cash you paid became the service you received. The Statement of Accounts is required by law and covers various statutory requirements and other relevant information.

The coronavirus pandemic has presented an operational and financial challenge for the Council and continues to do so. We will maintain our responsive and adaptive approach to support our local residents and businesses, as well as manage our finances during this continued period of uncertainty.

We will respond to economic challenges by ensuring we regularly review our Medium Term Financial Strategy and that our forecasts are both robust and prudent. We will continue adapting to maximise value for money for our taxpayers and aim to avoid impact on front-line service provision. To this end, I believe we have the financial governance structures in place that will enable the Council to remain successful throughout the medium term and beyond.

The work of the Council's finance team is critical in ensuring proper protection and stewardship of public funds is conducted efficiently and effectively. The work that the team does, working with colleagues to challenge spend and to help improve and deliver value for money is critical in ensuring high quality services continue to be delivered to our residents.

I would welcome your comments and feedback on the format of the Statement of Accounts to enable us to make them as accessible as possible.

Nigel Howcutt
Chief Finance Officer

Borough Profile

The Borough has a population of approximately 156,000. Dacorum's population is split across 3 main urban towns of Hemel Hempstead, Tring and Berkhamsted, plus a number of large and small villages. Almost 80% of the land in Dacorum is classified as rural land with 60% of the land designated as Green belt.

Corporate Plan 2020-2025

Dacorum Borough Council's five priorities for the community for the period 2020-2025 were adopted in January 2020.

The priorities are:

- **A clean, safe and enjoyable environment**
- **Building strong and vibrant communities**
- **Ensuring economic growth and prosperity**
- **Providing good quality affordable homes, in particular for those most in need**
- **Ensuring efficient, effective and modern service delivery**
- **Climate and Ecological Emergency - working to deliver net zero carbon.**

The Council's corporate plan sets out its approach to meeting these six key priorities.

Political and Strategic Framework

The Council holds elections for all Members once every four years, with borough-wide elections last held in May 2019. As at 31 March 2022, the Council was made up of 31 Conservatives, 19 Liberal Democrats and 1 Independent.

The Council operates with a Cabinet, three Overview and Scrutiny Committees and an Audit Committee responsible for corporate governance and approval of the Statement of Accounts. There is also a Development Control Committee, Licensing Committee and a Standards Committee.

Financial reporting within the Council is based on the scrutiny committee structure to support an open and transparent process for fiscal scrutiny.

The Cabinet is chaired by the Leader of the Council. The Cabinet has executive decision-making powers and meets monthly. Each of the members of the Cabinet has a portfolio for which they have responsibility.

Although a number of areas of decision-making are delegated to the Cabinet and Senior Officers, the Full Council retains ultimate responsibility for the Policy and Budgetary Framework of Dacorum Borough Council.

Council Structure and Services

The Council has undergone a restructure in 21/22 that includes changes to the senior leadership team and the directorate structures. The Council provides the following services within the borough split across 4 directorates:

Resident Services – includes management of the council's Housing Revenue Account (HRA) housing stock and the provision of information and service for Council tenants and leaseholders. Also includes waste management, refuse collection, management of the Council's parks and green spaces, emergency planning and environmental health.

Place – includes economic development, arts/entertainment provision and community grant funding. Also includes planning enforcement and HRA new build housing development.

People and Transformation – includes HR, IT Climate Change work and borough- wide communications, as well as a developing transformation programme.

Corporate and Commercial – Includes the main corporate support functions such as Finance, Legal and democratic services as well as overseeing commercial activity, parking and garage services. Also includes the collection of council tax and business rates and the payment of housing benefit and council tax support.

Challenges and Opportunities

The Council faces operational and financial challenges over the short, medium and long term:

- The Council continues its role in managing the implications of the Covid-19 pandemic in the Dacorum area. During 2021/22 this involved the maintenance of essential public services such as waste management and providing support, advice and grants to the local business community and residents.
- The pandemic had a significant impact on local businesses during 2021/22, with income from parking, business rates and commercial rents lower than that seen prior to the start of the pandemic.
- The pandemic has impacted on the Council's own finances due to cost increases and shortfalls against income targets. Pressures on Council expenditure and income arising from the pandemic are expected to continue into 2022/23 and beyond.
- The Government issued grant funding to the Council to help mitigate the impact of the pandemic during 2021/22. This includes the grant compensation for the reduction in income received and grant funding to support additional costs incurred arising from the pandemic.
- The Council has managed its financial position by the use of grant funding and also through its existing reserves. This includes the draw-down of funding from the Economic Recovery Reserve, created to manage the financial impact of the pandemic. The Council continues to monitor the pressures arising from the pandemic and their implications for the financial position for 2022/23 and beyond. Longer term planning to manage the financial consequences of the pandemic has been addressed as part of our medium term financial strategy. A part of this strategy is the development of an Economic Recovery Board in partnership with local business groups and businesses to support the post pandemic recovery.
- Cost of Living- inflationary increases arising from current economic conditions represent a further risk for the Council to address in its short and medium term financial planning.
- Local Authority funding mechanisms are increasingly uncertain as the government has further delayed the proposed funding changes to 2023/24. The changes as a result of the Funding Review and the subsequent changes to business rates retention could impact on the amount of retained business rates for the Council as well as increasing future risk of appeals and business rate reductions.

The Council also continues to work on a number of opportunities for the benefit of the borough:

- The continued development of proposals for Hemel Garden Communities, a new residential and commercial development for Hemel Hempstead.
- The provision of affordable housing for the borough, via our new build program.
- Increasing prosperity of towns in the borough, through work such as the Hemel Place Strategy and the Hemel Town Centre Strategy.
- Bringing the Dacorum community together via an ongoing growing programme of public events in the borough.

Operational Performance

The Council operates a robust system of performance management supported by a performance reporting system. Members have the opportunity to scrutinise and challenge operational performance reports via Overview and Scrutiny Committee meetings.

Narrative Report

The Council has achieved the following during 2021/22 against its corporate priorities. 2020/21 figures are provided in brackets, where figures have changed year on year. Please note that the Covid-19 pandemic has impacted performance in some areas, due restrictions in place on activity:

A clean, safe and enjoyable environment

- Collected 5,277 tonnes of food waste (5,556)
- Maintained parks and gardens across Dacorum including 62 play areas, 5 Green Flag parks and 2 Queen Elizabeth II Fields In Trust
- Received 756 planning applications (853)

Building strong and vibrant communities

- Continued our programme of community grants.
- Managed 25 car parks, all of which have Park Mark for safety.

Ensuring economic growth and prosperity

- Paid out £15m in Covid-19 related grants to local residents, local business and other eligible organisations.

Providing good quality affordable homes, in particular for those most in need

- Continued the development of new affordable homes in the borough (inclusive of registered provider/ housing association developments supported by Council grant funding).

Ensuring efficient, effective and modern service delivery

- Identified £0.6m of savings as part of 2022/23 budget-setting.

Financial Performance

The Council operates an ongoing reporting cycle on its financial performance throughout the year that sits alongside the publication of the Statement of Accounts (this document). As part of this reporting cycle, financial information is provided internally to senior officers of the Council and publically to its elected members via our committee meeting system. The format of this reporting aims to facilitate officers and elected members in the decision making processes of the organisation. This format is locally agreed by our officers and elected members.

The Statement of Accounts presents a summary of the Council's financial performance for the year in a format that is required by law and best practice accounting guidance. These figures include accounting adjustments to those figures presented in the Council's reporting cycle, described above, as required by law.

The Council's income and expenditure are categorised across the following three accounts:

- **General Fund Revenue Account**

The General Fund incorporates all services not related to the Council's Housing Landlord function. Revenue expenditure is generally incurred on day to day items that are consumed within one year. Expenditure is financed principally from Government Grant, Taxation, and fees and charges.

- **Housing Revenue Account (HRA)**

The HRA refers to services related to the Council's Housing Landlord function. HRA expenditure must be wholly funded from Rental and Service charge income generated from Council Houses. Rental income cannot be used to fund General Fund expenditure.

- **Capital Programme**

Capital expenditure is incurred when an asset is acquired or enhanced and a benefit is derived for a period in excess of one year. Capital expenditure is financed from capital receipts, capital reserves, government grants, revenue contributions and borrowing.

Services are also categorised under three different areas within the Council's financial reports, each with an associated Overview and Scrutiny Committee. These are:

Narrative Report

- **Housing and Community** (includes services such as arts and entertainment, adventure playgrounds, the management of anti- social behaviour and homelessness). This committee is also responsible for the Council Landlord Function (the HRA), which is identified separately throughout the accounts);
- **Finance and Resources** (includes commercial properties, community centres, cemeteries, leisure management, public conveniences, parking services and support services such as human resources, IT and finance).
- **Strategic Planning and Environment** (includes services such as waste collection, planning and development)

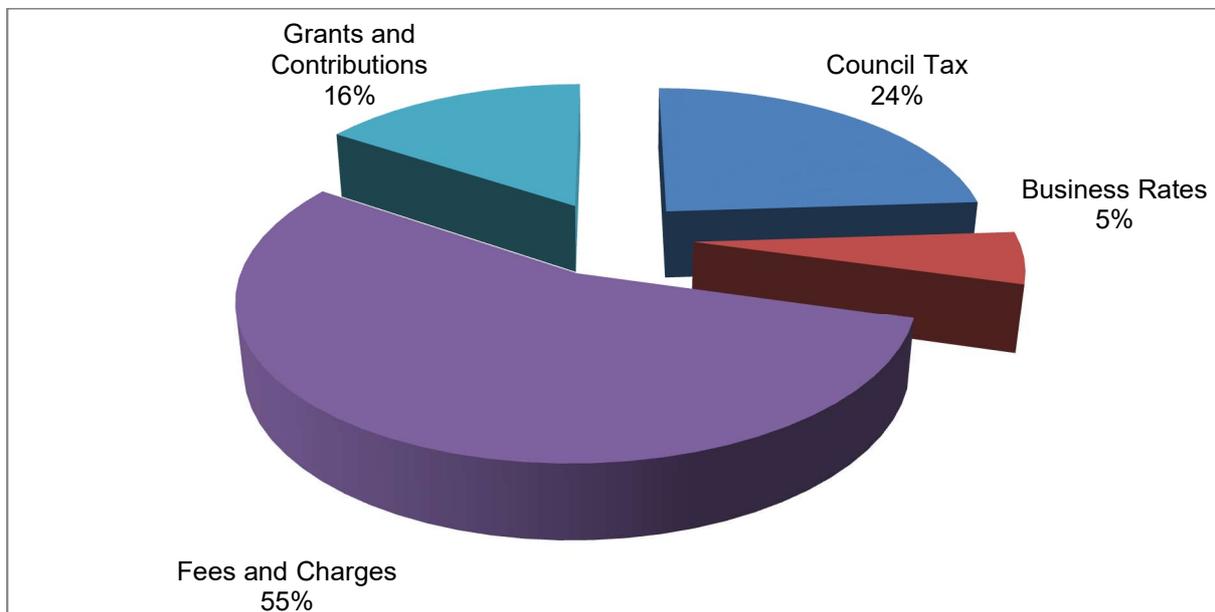
The three committees shown play an important role in guiding and examining our policies and operational and financial performance. They are involved in keeping the Council's activities under review. They scrutinise the proposals, actions and decisions of the Cabinet and Council, as well as developing and reviewing policy areas and making recommendations of their own.

Each committee's membership is appointed at Annual Council each year. The committees are politically balanced, to reflect the composition of the Council as a whole. The Chairman and Vice-Chair can be from any of the political groups.

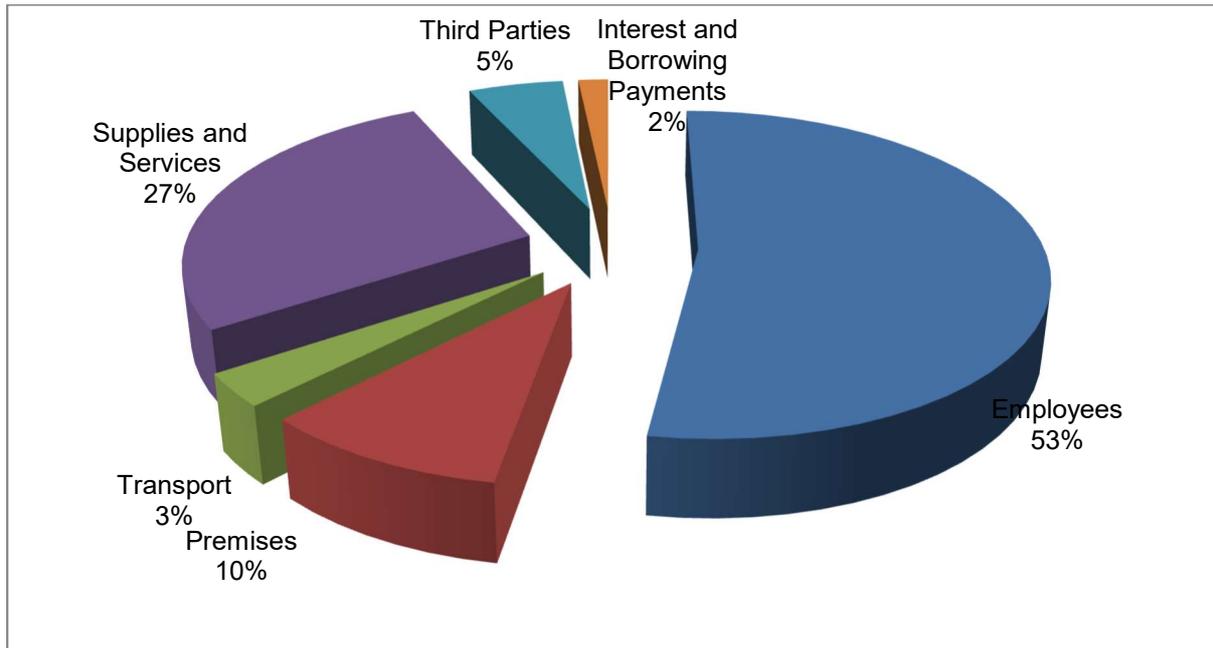
General Fund Revenue Account

The following charts outline where the Council's General Fund revenue money came from, how it was spent and on which services. These charts exclude income and expenditure relating to housing benefits and the Housing Landlord function, which is accounted for within the Housing Revenue Account.

Sources of funding

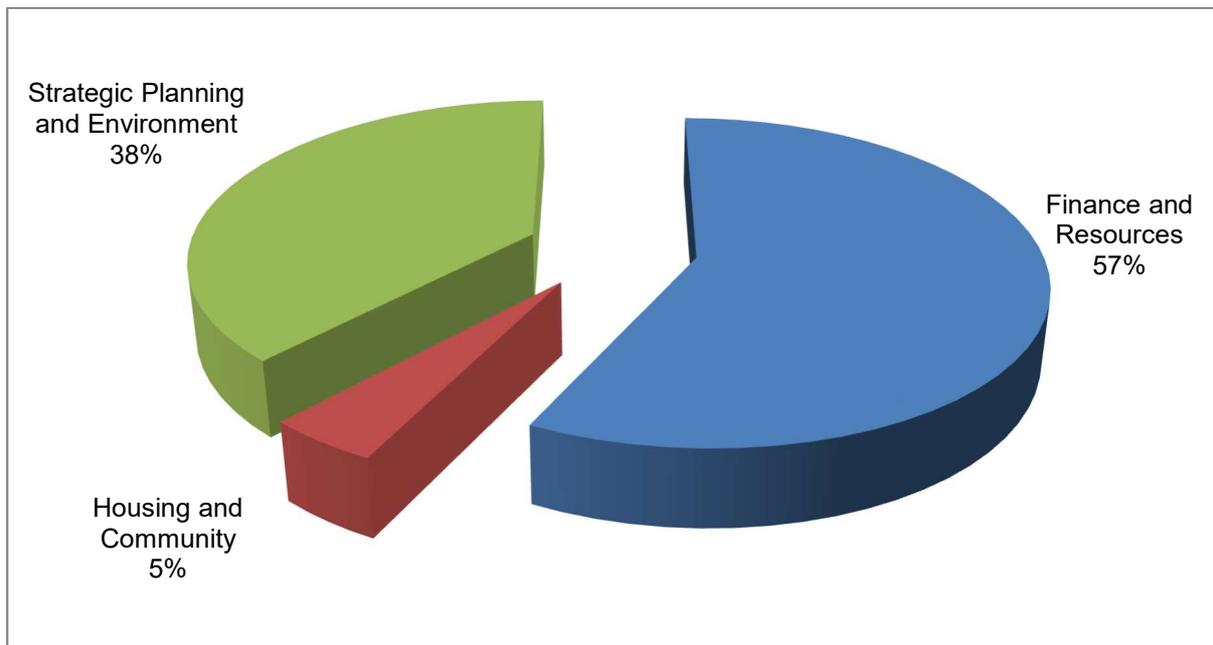


How the funding was spent¹



¹ Third Party payments and supplies and services covers payments made to the Council's contractors as well as day to day operational expenditure not falling in other expenditure categories.

Split of where the funding was spent, by Scrutiny Committee area ²



² This excludes income and expenditure relating to housing benefits and the Housing Landlord function, which is accounted for within the Housing Revenue Account

The table below summarises the Council's General Fund Revenue Account for 2021/22:

Table 1- General Fund Revenue Financial Performance 2021/22

	Budget	Actuals	Variance
	£000	£000	£000
Finance and Resources	11,752	14,902	3,150
Housing and Community	962	1,179	217
Strategic Planning and Environment	9,678	9,889	210
Net Cost of Services	22,393	25,970	3,577
Investment Property	(3,485)	(4,246)	(761)
Interest on Investment Income, Interest Payable and Minimum Revenue Provision	612	790	178
Parish Precept Payments	1,000	1,000	0
Government Grants	(1,968)	(8,764)	(6,796)
Revenue Contribution to Capital	350	1,148	798
Council Tax	(13,003)	(13,413)	(410)
Business Rates	(2,491)	8,295	10,786
Net (Income)/ Expenditure- Other Items	(18,985)	(15,190)	3,795
(Surplus)/ Deficit on Provision of Services	3,408	10,780	7,372
Net Recharge to the HRA	(4,607)	(4,898)	(291)
Contribution To / (From) Earmarked Reserves	1,199	(5,882)	(7,081)
Net Movement on General Fund Working Balance	(0)	0	0

General Fund Services Financial Performance

Key budget variances have arisen during the year in relation to:

- Housing and Community
 - A shortfall against budgeted income relating to Temporary Accommodation services £0.3m.
- Strategic Planning and Environment
 - Costs associated with the provision of Waste services £0.7m.
- Finance and Resources
 - A shortfall against budgeted income relating to car-parking £0.5m.
 - Additional costs relating to insurance £0.4m.
 - Additional costs relating to Property Services £0.5m.
 - A technical adjustment relating to an upfront pension contribution made during 2020-21 £1.6m. This payment was budgeted for in 2021/22 as a contribution to reserves. In agreement with external audit, is accounted for in 2021/22 against net cost of services.
- Government grants
 - Additional grant funding received during the year. This includes £6.0m relating to business rates reliefs, including Covid- related reliefs.
- Business Rates
 - The Council paid a deficit of £11.4m to the Collection Fund in respect of business rates. This was offset by a draw-down from the Funding Equalisation Reserve of balances transferred to that reserve in 2020/21 specifically for this purpose.
- Reserves
 - There was an additional net draw-down of £4.3m during the year from the Funding Equalisation reserve, arising from timing differences on Collection Fund balances. The Council drew down £0.6m of additional contributions from the Economic Recovery Reserve to support pandemic- related expenditure. In addition, £2.3m of budgeted

reserve contributions relating to an upfront pension contribution made during 2020/21 were not required, following the completion of the 2020/21 external audit process.

The Council has managed its overall financial position via the application of government grants and existing reserves.

Interest and Minimum Revenue Provision (MRP)

The Council invests its cash balances in line with its agreed Treasury Management Strategy, for which it generates interest receipts. In 2021/22 the returns on investments fell short against budgeted expectations due to a fall in interest rates as a result of the economic impact of the Covid-19 pandemic.

The Council has loans with the Public Works Loans Board (PWLB) to support its General Fund capital programme for which it must make interest payments each year.

The Minimum Revenue Provision is a charge the Council is required to make to its revenue account each year for the financing of capital expenditure, which has been initially funded by borrowing.

Government Grants

The Council received some general grants from the Government to support its service provision including the New Homes Bonus alongside Covid-19 grants provided by Government to compensate for the financial impact of Covid-19 and the provision of rates relief to ratepayers.

Taxation (Business Rates and Council Tax)

The Council collects business rates and council tax income on behalf of itself, central government and other local government bodies, such as Hertfordshire County Council and the Police and Crime Commissioner. D. The taxation value shown at Table 1 above is the amount of business rates and council tax that the Council is able to retain in 2021/22.

The net collectable amount of council tax in Dacorum for 2021/22 (for Dacorum Borough Council, Hertfordshire County Council and the Police and Crime Commissioner for Hertfordshire) was £112.5m (2020/21 £106.6m). The Dacorum Borough Council share of council tax (excluding the precept for parish and town councils) is £12.4m an increase from £12.1m in 2020/21.

Recharge to the HRA

The Council's HRA utilises services provided by the General Fund. A charge is made to the HRA for the provision of these services.

Contributions to and from Reserves

The Council makes use of its reserves to support specific organisational goals. The Council's working balance remains in line with the Council's Medium Term Financial Strategy. A detailed breakdown of the movements to and from reserves can be seen in Note 12 to the Accounts.

In 2020/21 the Council funded an upfront contribution on its pension fund obligations. This was adjusted against the unusable pensions reserve as agreed with the external auditors. This arrangement is an accounting requirement, part of which has been unwound in 2021/22 and will be so again in 2022/23, fully reinstating the balance on the unusable pensions reserve. Further details are disclosed in note 36 Pensions.

Housing Revenue Account (HRA)

The table below summarises the financial position on the Council's HRA for 2021/22:

Table 2: HRA Revenue Financial Performance 2021/22

	Budget	Actuals	Variance
	£000	£000	£000
Dwelling Rents and Service Charges	(55,715)	(55,474)	241
Non Dwelling Rents	(102)	(99)	3
Charges for Services and Facilities	(1,860)	(1,848)	1
Interest on Investment Income	(192)	(47)	145
Contributions towards expenditure	(645)	(1,160)	(515)
Total Income	(58,503)	(58,628)	(125)
Repairs and Maintenance	11,568	11,676	108
Supervision and Management	9,456	9,820	364
Recharges	4,607	4,898	291
Depreciation	12,905	15,530	2,625
Revenue Contribution to Capital	7,371	4,735	(2,636)
Interest Payable	11,586	11,389	(197)
Other Expenditure	1,010	560	(450)
Total Expenditure	58,503	58,608	105
(Surplus)/ Deficit prior to reserve movements	0	(20)	(20)
Contribution To / (From) Reserves	0	20	20
HRA Deficit / (Surplus)	0	0	0
Working Balance Brought Forward	(2,894)	(2,894)	0
Working Balance Carried Forward	(2,894)	(2,894)	0

Income

The HRA receives rental from its tenants and service charge income from its tenants and leaseholders. It also receives interest from the investment of its cash balances.

Expenditure

Costs incurred by the HRA include those relating to the repair and maintenance of its properties and other day to day costs associated with the operation of the Council's landlord function. The HRA also has loans with the PWLB that require annual interest payments that are charged each year to the HRA revenue budget.

Other expenditure includes contributions to the HRA's bad debt provision and the payment of rent and council tax on HRA properties.

Reserve movements

The overall net contribution to reserves represents a transfer of year- end surplus into HRA reserves to support future investment in the HRA. A detailed breakdown of the movements to and from reserves can be seen in Note 12 to the Accounts.

The Working Balance for the Housing Revenue Account is £2.9m, which is consistent with the minimum target balance of 5% of income stated in the Medium Term Financial Strategy.

Capital Programme

The Council has undertaken capital investment across its General Fund and Housing Revenue Account services. This includes:

- £12.5m on the Council's housing stock
- £8.4m on housing development
- £0.6m to support the development of affordable housing in the borough outside the Council's own new build programme
- £2.1m on replacing the Council's fleet vehicles

Key new housing investment in the borough includes sites at Eastwick Row and Coniston Road.

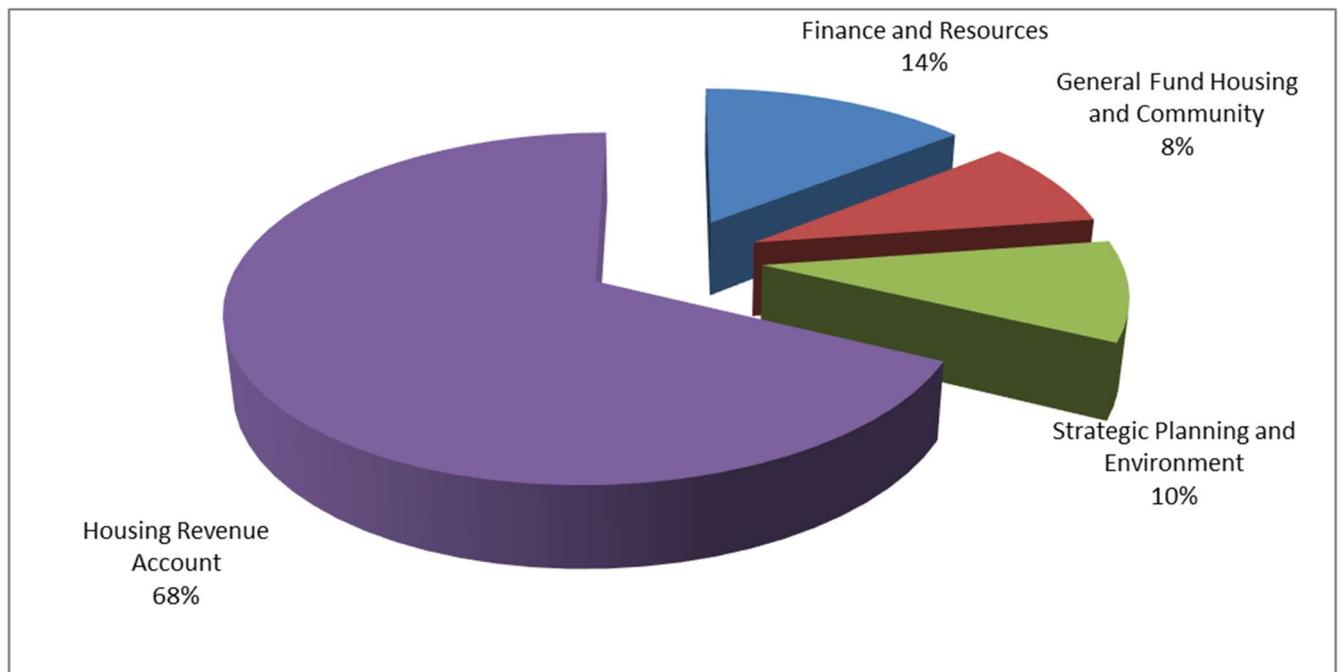
Other projects include Town Centre access improvements in Hemel Hempstead and investment in the Council's garages.

The capital programme has been funded from capital receipts, reserves, grants, revenue contributions and other contributions.

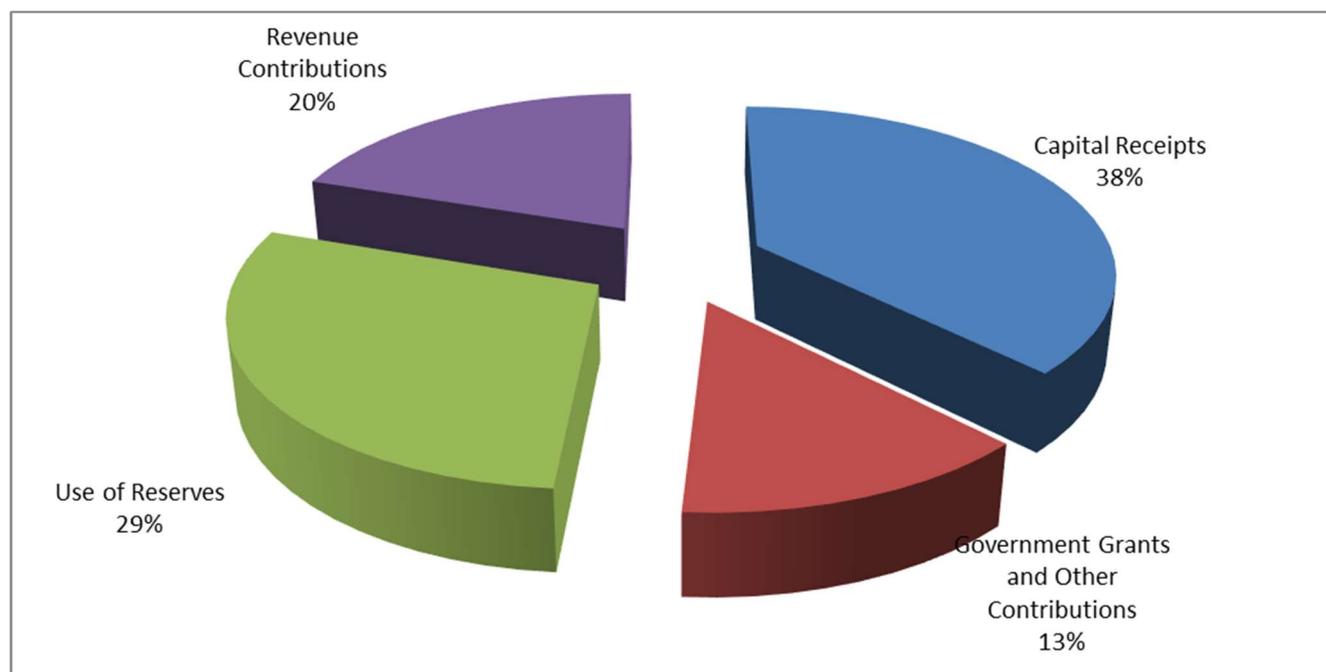
There has been some slippage of the capital programme into future years, resulting in part from the pandemic together with other project delays.

The split of capital expenditure and financing sources are shown in the charts below:

Areas of capital investment 2021/22



Sources of capital financing 2021/22



The Council's Financial Outlook

The Council's budget for 2022/23 and Medium- Term Financial Forecast were approved by Full Council in February 2022. The Council anticipates the financial impact of Covid-19 continuing into 2022/23 and beyond. This has been reflected in the 2022/23 budget and the medium- term forecasts. The pace of economic recovery across the borough will determine the extent to which these pressures continue to affect the Council's funding into the medium-term. Business Rates growth, investment returns and income from the Council's historic commercial property portfolio are all areas that continue to be at risk from the economic consequences of the pandemic. Inflationary increases represent a further challenge for the local government sector and are a key financial risk for the Council.

The Council will continue to monitor and report on its financial position in 2022/23. This is both as part of our own internal reporting requirements and the external requirements placed on us by the Government. As part of this, the Council operates a detailed monthly cash-flow monitoring process and continues to ensure cash is managed carefully.

The Council's medium- term capital plans will provide a significant level of investment into the Borough. This is expected to have a positive impact on the local economy, as well as acting as a catalyst to attract private sector investment and development in Dacorum. Delivery of the capital programme will be monitored and reported on to officers and members.

The Council's Medium Term Financial Strategy will be updated during 2022/23. Within this update we will look at the resources available to us including: retained Business Rates, Council Tax income, grant funding and funding from fees, charges and rent. We will compare this to forecast levels of expenditure and identify any resulting savings that need to be delivered.

The Councils MTFs preparations are becoming more difficult year on year. The Local Government sector has been impacted by several ongoing difficulties;

- Awaiting a long list of outstanding reforms pending since 2019,
- Impacted by increased complexity around central government intervention,
- Awaiting planned funding changes on the horizon,
- Impacted significantly by the current macro economic uncertainty.

Structure of the Statement of Accounts

Dacorum Borough Council's Statement of Accounts (the Accounts) has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Chief Finance Officer is responsible for the proper administration of the Council's financial affairs, and is required by law to confirm that the Council's system of internal controls can be relied upon to produce an accurate Statement of Accounts. This confirmation is provided in the Statement of Responsibilities.

Statements

The Accounts report the financial activity of the Council over financial year 2021/22, and the financial position of the Council as at 31 March 2022. In order to present this information clearly, the Accounts encompasses the following elements:

The Main Financial Statements are:

Comprehensive Income and Expenditure Statement

This statement shows the income and expenditure for the authority in accordance with International Financial Reporting Standards. This will differ from the cash position for the authority.

Movement in Reserves Statement

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 used to fund expenditure or reduce local taxation) and 'total unusable reserves'.

Balance Sheet

The Balance Sheet shows the value as at 31 March 2022 of the assets and liabilities recognised by the Council. The net assets of the authority (assets less liabilities) are matched by the reserves held by the Council.

Cash Flow Statement

This statement takes the surplus or deficit from the income and expenditure statement and reconciles it to the actual cash movement shown on the balance sheet.

Other notes and additional Statements providing further additional information are:

Accounting policies

These are the main accounting policies under which the financial statements have been prepared.

Annual Governance Statement

This describes the Council's approach to the effective exercise of its functions, including the management of risk.

Expenditure and Funding Analysis

This shows funding available to the Council has been used in providing services compared with those resources used by local authorities in with the income and expenditure in accordance with generally accepted accounting practices.

Housing Revenue Account and Notes

The Housing Revenue Account (HRA) reflects the Council's statutory duty to maintain a separate account to measure the resources generated and consumed in the provision of council housing during 2021/22, and the cumulative HRA balance.

Collection Fund and Notes

This note shows the income and expenditure transactions of the Council in respect of the collection and distribution of Council Tax and Non-Domestic (Business) Rates.

Statement of Responsibilities for the Annual Statement of Accounts

The Council's responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.
- Approve the Statement of Accounts by 30th November 2022. Approval of the Statement of Accounts has been delegated to the Audit Committee.

In accordance with the requirements of Accounts and Audit Regulations 2015 and amendments, I confirm that the Statement of Accounts for the year ended 31 March 2022 was approved by resolution of the Audit committee of Dacorum Borough Council on 15th September 2022.

Councillor
Audit Committee Chairman

The Chief Finance Officer responsibilities

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

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

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

The Chief Finance Officer has also:

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

I certify that this Statement of Accounts presents a true and fair view of the financial position of the Council as at 31 March 2022, and its income and expenditure for the year ending 31 March 2022.

Nigel Howcutt
Chief Finance Officer

Introduction

Dacorum Borough Council is committed to ensuring good governance principles and management practices. This Annual Governance Statement has been produced in accordance with the CIPFA/SOLACE² framework *Delivering Good Governance in Local Government (2016)* and Regulation 6 of the Accounts and Audit Regulations 2015. 2021/22 is the first year for compliance with the CIPFA Financial Management (FM) Code 2019. An assessment of how the Council's financial management is compliant with the FM Code 2019 is included within this statement.

The statement is an open and honest self-assessment of the Council's performance across all of its activities and contains a statement of the actions being taken or required to address areas of concern. It is inevitable during a rigorous review of the Council's operations, issues will be identified and a key element of good governance is ensuring there is a clear action plan for addressing these.

The governance statement covers all significant corporate systems, processes and controls, spanning the whole range of the Council's activities. The statement includes details of how the Council:

- implements its policies;
- delivers high quality services efficiently and effectively;
- meets its values and ethical standards;
- complies with laws and regulations;
- adheres to required processes;
- ensures financial statements and other published performance information are accurate and reliable;
- manages human, financial, environmental and other resources efficiently and effectively.

The self-assessment in this statement takes account of assurance statements provided by managers from across the organisation, internal audit reports and regular reviews of risk management.

The Council's governance arrangements provide a high level of assurance and remain effective. No significant weaknesses in governance arrangements were identified during 2021/22. The Council's financial management arrangements are considered compliant with the requirements of the FM Code 2019.

The importance of Governance

Good governance leads to good management, good performance, good stewardship of public money, good public involvement and, ultimately, good results for residents and other service users. Good governance enables the Council to pursue the priorities and objectives of the corporate plan, and ensure that there are effective control and risk management as it delivers these.

Whatever the successes in the past, the Council makes no assumptions about the future. In a fast-changing world, it remains alert to the need to maintain high standards of governance.

Good governance means:

- focusing on the purpose of the authority and results for the community and creating and implementing a vision for the local area;
- members and officers working together to achieve a common purpose with clearly defined functions and roles;
- promoting the values of the Council and upholding high standards of conduct and behaviour;
- taking informed and transparent decisions which are subject to effective scrutiny, and management of risk;
- developing the capacity and capability of members and officers to be effective;
- involving local people and other stakeholders to ensure strong public accountability.

² SOLACE – Society of Local Authority Chief Executives and Senior Managers

Scope of responsibility

Dacorum Borough Council is responsible for ensuring its business is conducted in accordance with the law and proper standards; and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council, under the Local Government Act 1999, has a duty to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs including management of risk. Cabinet and senior management are responsible for delivering the Council's services and activities within these arrangements. Audit Committee is responsible for reviewing the effectiveness on behalf of the Council and making any recommendation necessary as a result of its review or of any issue it identifies from external bodies' reports such as internal or external audit or the Local Government Ombudsman.

Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the authority is directed and controlled and through which it accounts to, involves and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The Council's system of internal control is a key element of the framework and designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies and objectives and can therefore only provide reasonable, not absolute, assurance of effectiveness. 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 and objectives. It evaluates the likelihood of those risks coming to fruition, their impact should they do so and identifies ways to manage them efficiently, effectively and economically.

The governance framework has been in place throughout the 2021/22 financial year and continues to be in place up to the date of the approval of the statement of accounts.

In drawing together this Statement, the Governance Framework has been examined by reviewing the Council's arrangements for the following issues:

- The arrangements for identifying and communicating Dacorum Borough Council's priorities and objectives, as set out in the Corporate Plan.
- Reviewing these priorities and objectives and their implications for governance arrangements
- Measuring quality of services for users, ensuring they are delivered in accordance with our objectives and represent best value for money
- Defining and documenting the roles and responsibilities of members and officers
- Developing, communicating and embedding codes of conduct and defining standards of behaviour for members and staff
- Reviewing and updating the Constitution; Financial Regulations; Scheme of Delegation; and Commissioning & Procurement Standing Orders which clearly define how decisions are taken and processes and controls to manage risks
- Undertaking the core functions of an Audit Committee
- Ensuring laws, regulations and internal policies and procedures are complied with and expenditure is lawful
- Whistle-blowing and investigating complaints from the public
- Identifying Members and Senior Officers' development needs and providing appropriate training
- Establishing clear channels of communication with all sections of the community and stakeholders and encouraging open consultation
- Incorporating good governance arrangements in respect of Partnerships

The Governance Framework

Arrangements for identifying and communicating Dacorum Borough Council's vision and intended outcomes.

During 2019/20, the Council reviewed its overall vision and priorities. This was captured in its Corporate Plan 2020-2025 that was adopted by the Council in January 2020. The Council's priorities are:

- A clean, safe and enjoyable environment
- Building strong and vibrant communities
- Ensuring economic growth and prosperity
- Providing good quality affordable homes, in particular for those most in need
- Ensuring efficient, effective and modern service delivery
- Climate and ecological emergency- working to deliver net zero carbon

To help engage communities in setting and achieving this vision and priorities, Dacorum Borough Council is committed to reviewing and improving services to ensure it is providing the services local people need. The Council has an online consultation group of around 900 residents and sends all consultations to this group. The Council communicates with service users through its website, customer services surveys, the corporate complaints procedure and social media such as Facebook and Twitter.

To support its overall vision and aims, the Council has continued to review its Medium Term Financial Strategy and 5 year Capital Programme during 2021/22 and as part of the budget preparation for 2022/23. For the Capital Programme, this included aligning resources to priorities through the appraisal of new schemes based on the Council's key priorities.

The organisation has a robust framework for project management. All project proposals follow a standard approval and review process. Every project is defined and resourced with named individuals responsible for project and programme delivery assigned to them.

Reviewing the Corporate Plan priorities and objectives and their implications for governance arrangements

The Council's Corporate Plan is reviewed by Cabinet and then agreed by Council. The plan covers a five year period and is reviewed annually to ensure it remains relevant.

Cabinet, Scrutiny committees and the Strategic Leadership Team (SLT) review performance indicators. All objectives included in Service plans are aligned to the vision and priorities and are reviewed corporately by SLT and other senior managers to test completeness and consistency.

The Performance Board has an advisory and scrutiny role and makes recommendations on the types of projects and resourcing to the Cabinet or Portfolio Holder (as appropriate), so the Board's recommendations can be carried forward into formal decisions. In addition, SLT receives updates on the work and recommendations of Corporate Officer working groups:

- Resident Services (including Neighbourhood Delivery and Housing)
- Corporate and Commercial Board
- Place Board
- People & Transformation Board
- Corporate Project Delivery Board
- Climate Change and Sustainable Environment Board
- Growth and Infrastructure Board

Measuring the quality of services for users, ensuring that they are delivered in accordance with our objectives and represent best value for money

The Council specifies service standards in Service Plans. In preparing their service plans, managers are required to consider measuring their services' value for money and to set out measures for improving it. The Council has rolled out a programme to promote evidence-based decision making which supports

teams to make better use of data and ensure actions are closely linked to outcomes and impacts. Satisfaction surveys are undertaken by key services following the provision of services.

External Audit's Audit Findings report for 2020/21, the most recent undertaken, concluded the Council had demonstrated a clear understanding of its role in securing economy, efficiency and effectiveness in its use of resources. No indications of potential significant weaknesses in this area were identified.

Defining and documenting the roles and responsibilities of Members and Officers.

The Council ensures that roles and responsibilities for governance are defined and allocated so that accountability for decisions and actions taken is clear. These are included in the Council's Constitution.

After every election or by-election, members are subject to an effective induction programme to help them understand their role.

Every year in May, the Council appoints the Mayor, Deputy Mayor and the Leader of the Council. The Leader appoints the Deputy Leader and Cabinet Members and allocates to them responsibility for the various executive functions or "Portfolios".

The Council appoints Committees to discharge the Council's regulatory and scrutiny responsibilities. These, and the delegated responsibilities of officers, are set out in Part 3 of the Council's Constitution (Responsibility for Functions). All Committees and internal corporate officer groups supporting the Council's governance framework have defined terms of reference. Audit Committee provides assurance to the Council on the effectiveness of the governance arrangements and internal control environment.

The Council's Chief Executive, as the Council's Head of Paid Service, has overall corporate policy management and operational responsibility and chairs the Strategic Leadership Team. Cross-organisational management groups are in place for cross-directorate operational issues.

All staff have clear conditions of employment and job descriptions setting out their roles and responsibilities. Job descriptions are reviewed as part of the annual performance appraisal.

The Section 151 Officer/Chief Finance Officer has overall responsibility for the administration of the financial affairs of the Council, keeping proper financial records and accounts and maintaining an effective system of internal financial control. The finance function provides support for the budget preparation and financial monitoring process. The Section 151 Officer is the lead officer for Audit Committee. There is a Deputy S151 to act in the Chief Finance Officer's absence.

During 2021/22, the Assistant Director, Corporate and Contracted Services, as the Council's Monitoring Officer, had overall responsibility for legal compliance. The Group Manager acted as the Deputy Monitoring Officer. All Legal Services staff work closely with departments to advise on legal requirements. The Assistant Director, Corporate and Contracted Services was the lead officer on Member and employee conduct and supported the Standards Committee and its Sub-Committees.

Developing, communicating and embedding codes of conduct and defining standards of behaviour for Members and staff

The Council adopted, in July 2012, a 'local' Code of Conduct for Members in accordance with the Localism Act 2011. The Code includes the mandatory provisions relating to the registration and declaration of Disclosable Pecuniary Interests. All elected and co-opted Members are aware of the Code and enter their interests in the Register of Members' Interests. This is published on the Council's website as required by the Localism Act. In February 2022, the Council adopted a new Code of Conduct for Members, which followed, in part, the Local Government Association Model Code of Conduct but retained the Council's existing provisions relating to registration and declaration of interests.

Susan Johnson was the Council's Independent Person for the purposes of the Localism Act as part of the Council's arrangements for dealing with complaints about Members. The Council re-appointed the Standards Committee, which will continue to oversee the promotion of high standards among Members and deal with allegations of breaches of the Members' Code.

Part 5 of the Constitution contains the Code of Conduct for Members. It sets out 7 general principles: Selflessness, Honesty, Integrity, Objectivity, Accountability, Openness and Leadership. The Code requires Members to show respect for others and uphold the law. Part 5 also contains sections on:

- Code of Conduct for Employees;
- Protocol for Member/Officer relations;
- Planning Code of Practice;
- Whistle Blowing Policy.

Reviewing and Updating the Constitution, Financial Regulations, Scheme of Delegation and Commissioning & Procurement Standing Orders which clearly define how decisions are taken and the processes and controls to manage risks

The Council's Constitution sets out how the Council operates and the processes for policy and decision-making. Various amendments were made to the Constitution and approved by Council during 2021/22 so the Constitution remains fit for purpose. It was not necessary to make more substantial changes.

The Financial Regulations were updated during 2021/22 and the changes approved by Cabinet in October 2021. The Commissioning & Procurement Strategy and Commissioning and Procurement Standing Orders were last updated and approved by Council in November 2019. Thresholds were reviewed and based on value so there is clear process for authorisation.

Full Council has overall responsibility for the approval of the financial and policy framework, namely: the Council's Budget, Medium Term Financial Strategy, the Corporate Plan, the Development Plan and other plans and strategies with a borough-wide application.

The Cabinet is responsible for the discharge of most of the main functions of the authority that are not the responsibility of Full Council. As such, the Cabinet is the main decision-making body of the Council and its decisions, whilst subject to scrutiny, are ultimately not capable of being overturned, other than through legal proceedings. The Cabinet makes recommendations to Council for approval on financial and policy framework matters. Authority to make day-to-day operational decisions is detailed in Part 3 of the Council's Constitution 'Responsibility for Functions'.

The decision-making process is reviewed by a scrutiny function, which has power to call in decisions made. It undertakes some pre-decision scrutiny and some policy development work. The Finance & Resources Overview and Scrutiny Committee oversees effectiveness of strategic risk management.

Procedures governing the Council's operations include Financial Regulations, Commissioning & Procurement Standing Orders and the Risk Management Strategy. Ensuring compliance with these procedures is the responsibility of managers across the Council. Internal Audit check compliance as part of the Annual Audit Plan. In addition, key corporate strategies provide the framework for key decisions: including the Corporate Plan, Medium Term Financial Strategy, and Asset Management Plan. During 2021/22, the Council also developed a refreshed Customer Strategy and a new Commercial Strategy, which the Council expects to publish in 2022/23.

The Corporate Business Continuity Plan was last updated during 2020/21, and the current update is due for approval during May 2022. Service-specific business continuity plans are reviewed on a regular basis.

Amendments to governance arrangements arising from Covid- 19

Following the outbreak of the Covid-19 pandemic, the Council reviewed its constitutional arrangements to take account of the introduction of the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 ("The Regulations") on the 4th April 2020, and agreed new procedures to facilitate the holding of virtual meetings until 7th May 2021. This also included extending officer delegations for a temporary period in respect of planning decisions until virtual meetings had been properly tested.

Council also agreed that Annual Council would be suspended and all Council appointments continued until Annual Council in May 2021, including the role of the Mayor. The Chief Executive's emergency decision-making powers were also reviewed and extended to ensure they could include the ability to provide support funding to external organisations in need of support.

The Council added the Covid-19 pandemic as a strategic risk, reported to Cabinet and Audit Committee in June 2020. In line with the Council's Business Continuity plan, meetings of the Council's Incident Management Team commenced in March 2020 as a means of managing the risks to the organisation of the Covid-19 pandemic. Regular Covid-19 updates have been presented to Finance and Resources Overview and Scrutiny Committee and Cabinet throughout 2021/22, covering operational and financial risks to the organisation associated with the pandemic.

Undertaking the core functions of an Audit Committee

The Audit Committee's terms of reference have been prepared to ensure full compliance with CIPFA guidance. Key areas covered are Audit Activity, Regulatory Framework, Accounts and Ombudsman.

Ensuring laws, regulations, internal policies and procedures are complied with and expenditure is lawful.

All reports going to Cabinet or Portfolio Holders are properly scrutinised for governance issues by the Statutory Officers. Reports to Council, Cabinet and Portfolio holders for Portfolio Holder decisions contain comments from the Monitoring Officer and the Section 151 Officer or their deputies. All key executive decisions taken by officers under delegated powers are required to be recorded on an executive decision sheet, which must include the comments of the Section 151 officer and the Monitoring Officer.

All Cabinet draft reports are made available for the Statutory Officers to review and comment. Any legal or financial issues are discussed with the author and resolved prior to being published.

The Report Template requires the author to consider and provide the following information:

- Whether the report is part I or part II (part II items contain confidential or exempt information from which the general public are excluded – when an item is classified part II a reason has to be provided);
- Purpose of the report;
- Recommendations;
- Link to Corporate Priorities;
- Financial and Value for Money, Legal, Risk, Equalities, Human Rights, Sustainability (including climate change, health and wellbeing, community safety), Council Infrastructure (Health and Safety, Human Resources, assets and other resources) implications and community impact assessment.
- Monitoring Officer and S151 Comments;
- Consultees;
- Background papers.

Statutory Officers, Strategic Directors (formerly Corporate Directors) and Assistant Directors provide further representations and assurances in the form of signed assurance statements, that sound systems of internal control and processes for managing risk have been implemented and complied with in their service. Assurance statements have to be submitted annually to the Monitoring Officer.

Compliance with the Regulation of Investigatory Powers Act (RIPA)

The Council is required to monitor its use of covert surveillance under RIPA. The Monitoring Officer submits an annual return to the Office of the Surveillance Commissioner on usage of covert surveillance.

In compliance with the revised Home Office Codes of Practice, the Monitoring Officer was designated as the Council's Senior Responsible Officer with overall responsibility for ensuring the Council complies with RIPA and its own policy and procedures on the use of covert surveillance. During 2021/22, 4 applications were made for an authorisation under RIPA to carry out covert surveillance. The Council therefore remains a sparing user of directed surveillance.

All local authorities are subject to a three- year cycle of inspections carried out on behalf of the Chief Surveillance Commissioner. The last inspection was in February 2021, where some recommendations were made for improving the current policy and procedures, which are currently being actioned. There

will be an annual report produced to Audit Committee reporting on the use of surveillance and seeking approval to any required changes to policy.

Compliance with the Data Protection Act (DPA)

Under the DPA 2018 the Council is required to take appropriate technical and organisational measures against the unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data and to ensure an appropriate level of security.

The Assistant Director, Corporate and Contracted Services is the Council's designated Senior Information Risk Officer (SIRO). The SIRO is responsible for managing information risk on behalf of the Chief Executive and the Strategic Leadership Team and has adopted the ICO's reporting template for potential breaches.

Data Protection Act and Information Security training is mandatory and provided regularly to current and new staff. Training focuses on breach types, offences, breach reporting and location of policies and procedures. All Data Protection and Information Security Policies are linked to Council conduct procedures.

Required compliance to the Cabinet Office's Public Sector Network (PSN) framework has provided robust policies and information technology security.

Whistle-blowing and investigating complaints from the public.

The Council takes fraud, corruption and maladministration very seriously and has the following policies aiming to prevent or deal with such occurrences:

- Anti-fraud Policy
- Whistle-blowing Policy
- Human resources policies regarding the disciplining of staff involved in such incidents.

Fraud Awareness, Anti-Money Laundering and Whistle-blowing training are Compulsory Training Requirements for all staff.

A corporate complaints procedure is in place for the Council to receive and investigate any complaint made against it, or against a member of staff. Complaints against Members relating to alleged breaches of the Members Code of Conduct are subject to a separate complaints process which the Monitoring Officer and Standards Committee are responsible for dealing with, as referred to above.

Identifying the development needs of Members and Senior Officers and providing appropriate training.

The Council aims to ensure Members and employees have the skills, knowledge and capacity needed to discharge their responsibilities and recognises the value of well-trained and competent people in effective service delivery. All new Members and staff undertake an induction to familiarise them with protocols, procedures, values and aims of the Council.

The Council is committed to developing and supporting elected members. This is particularly important given the ever changing skills and competencies essential to fulfil the requirements of being a councillor. After the borough elections of 2019, mandatory training was introduced for members. Non-attendance is reported to Group Leaders and continuous non-attendance can be reported to the Standards committee. Details of member training is below:

Course	Date	Attendance
Planning Training	June 2021	10
GDPR Training	July 2021	2
Housing and Engagement	July 2021	13
Budget Setting	September 2021	18
Licencing part 1	November 2021	13

Annual Governance Statement

Licencing part 2	November 2021	11
Tenants & Leaseholder	November 2021	10
Council Strategy	March 2022	12

Annual Staff Performance Appraisals are carried out to identify competencies and training needs and set standards of behaviour and performance for all staff. Competencies reflect skills and abilities needed to deliver services throughout the organisation. All Council employees have individual training records detailing courses attended. Performance reviews are undertaken midway and at the end of the year.

Establishing clear channels of communication with all sections of the community and stakeholders and encouraging open consultation

The Council's planning and decision-making processes are designed to include consultation with local people and stakeholders and to take account of their views. Consultation and gauging local views includes Town and Parish consultation, the Tenant and Leaseholder Committee, Citizens Panel and resident associations.

The magazine Dacorum Digest and the Council's website are the main methods for communicating with residents. The Council has close relationships with local broadcast and newspaper journalists and has social media accounts on Facebook, Twitter, LinkedIn and Instagram. It runs campaigns on specific issues using community noticeboards and campaign materials in the three Civic reception areas, as well as occasional radio and newspaper advertising.

Incorporating good governance arrangements in respect of Partnerships

The Council participates in partnerships aimed at improving services to the community including the Dacorum Strategic Network and the Dacorum Community Safety Partnership. When drawing together different partners with varying organisational cultures and methodologies for handling governance issues, it is important clear protocols are established early to minimise and manage risk. The Council keeps its register of Partnerships under constant review.

A Review of the effectiveness of the Governance Framework and System of Internal Control

Dacorum Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including systems of internal control. The review is informed by the work of the senior managers within the Council who have responsibility for the development and maintenance of governance systems, the Internal Audit Annual Report, and recommendations and comments made by the External Auditors and other review agencies and inspectorates.

In 2021/22, TIAA Ltd provided the Council's Internal Audit service and gave an independent opinion on the adequacy and effectiveness of the Council's system of internal control. TIAA is satisfied that, for the areas reviewed during the year, Dacorum Borough Council (the 'Council') has reasonable and effective risk management, control and governance processes in place. The opinion used internal audit methodology that complies with international auditing standards.

Priority 1 recommendations made by the Council's internal auditors relate to issues deemed fundamental to the systems concerned and upon which immediate action is to be taken. In the 2020/21 Statement of Accounts, no priority 1 recommendations were identified.

The key elements of the process are summarised in the following table:

Key element	Role and Activity during the year
Council	<ul style="list-style-type: none"> ○ Approve Constitution including: Financial Regulations; Codes of Conduct; Commissioning & Procurement Standing Orders; Scheme of Delegation ○ Set budget and policy framework
Cabinet	<ul style="list-style-type: none"> ○ Financial, performance and risk management of service delivery within the Budget and Policy Framework set by Council – quarterly reports ○ Responsibility for key decisions and initiating corrective action in relation to risk and internal control issues

Annual Governance Statement

	<ul style="list-style-type: none"> ○ Monthly public meetings (excluding any summer recess) ○ Regular briefings with Chief Officers
Audit Committee	<ul style="list-style-type: none"> ○ Minimum Four scheduled meetings per annum ○ Review and scrutinise the outcome of Internal and External audit reports and other external agencies such as the Ombudsman ○ Monitor the Governance arrangements within the Council ○ Delegated responsibility to scrutinise and approve the Financial Statements on behalf of the Council ○ To consider the External Auditor's report on issues arising from the audit of the accounts
Overview & Scrutiny Committees: o Housing & Community Strategic Planning & Environment o Finance & Resources	<ul style="list-style-type: none"> ○ To provide overview and scrutiny and policy development role in relation to business associated with the Cabinet Portfolios ○ To monitor the performance of relevant Council services, including services which are provided under contract or agreement by external organisations or private sector companies
Standards Committee	<ul style="list-style-type: none"> ○ Consider allegations of breaches of the Code of Conduct ○ Promote and maintain high standards of conduct by the members of the Council
Internal Audit – (outsourced service provided by TIAA Ltd)	<ul style="list-style-type: none"> ○ Set overall internal audit strategy to meet the Council's overall direction ○ Undertake an annual programme of audits ○ Present audit reports to Management and to Audit Committee ○ Present progress reports to Audit Committee measuring performance against the Audit Plan
Chief Executive (Head of Paid Service)	<ul style="list-style-type: none"> ○ Overall corporate policy management and operational responsibility ○ Chair of Strategic Leadership Team
Monitoring Officer (Assistant Director, Corporate and Contracted Services)	<ul style="list-style-type: none"> ○ Maintain the Constitution ○ Ensure lawfulness and fairness of decision making ○ Supporting the Standards Committee ○ Receive complaints and decide whether they merit further investigation. If the complaint is investigated to report the outcome to the Standards Committee for a decision and ensure correct procedural steps are followed and appropriate assistance is given to the Committee throughout the process ○ Act as the Senior Information Risk Officer & Senior Responsible Officer (RIPA) ○ Proper officer for access to information ○ Provide advice and contribute to corporate management as a member of the Corporate Leadership Team
Section 151 Officer (Chief Finance Officer)	<ul style="list-style-type: none"> ○ Ensure lawfulness and financial prudence of decision making ○ Responsibility for administration of financial affairs of the Council and keep proper financial records and accounts for maintaining an effective system of internal financial controls ○ Contribute to corporate management as a member of the Corporate Leadership Team ○ Provide professional financial advice to Members including the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues ○ Provide financial information to the media, members of the public and community
Statutory Officers Comments – Monitoring Officer & Section 151 Officer	<ul style="list-style-type: none"> ○ Statutory officers review all Cabinet, Portfolio Holder and Officer Decision reports to consider and comment within the report on legal and financial implications arising out of the report ○ Review of governance issues arising out of day to day working practices ○ Consider issues arising out of the annual assurance statements
Strategic Directors (formerly Corporate Directors)	<ul style="list-style-type: none"> ○ Overall strategic and operational management of those services falling within each individual directorate ○ Contribute to corporate management as members of the Strategic Leadership Team
Strategic Leadership Team	<ul style="list-style-type: none"> ○ Financial/Budgetary monitoring, Performance monitoring and monitoring of the corporate officer working groups. ○ Quarterly review of strategic risk management ○ Monitoring of the Internal Audit Programme.
Performance Board	<ul style="list-style-type: none"> ○ Review performance against Council Vision and Priorities
Corporate Working Groups	<ul style="list-style-type: none"> ○ Cross Council Officer groups overseeing activity, performance and risks within remit ○ Oversee and review delivery of all relevant operational matters and establish and receive reports from sub-groups as necessary ○ Consider options appraisals and make recommendations for SLT and Cabinet consideration

Annual Governance Statement

Assistant Directors and Heads of Service(Corporate Leadership Team)	<ul style="list-style-type: none">○ Operational management for the services falling within each individual service area○ Assurance Statements covering all of the Council's key internal controls, including: Financial Regulations; Commissioning & Procurement Standing Orders; Employees Code of Conduct; Corporate Policies; and risk management.
---	--

Compliance with the CIPFA FM Code 2019

The FM Code 2019 outlines the required financial management standards for local authorities, covering the following areas:

- The responsibilities of the Chief Financial Officer and the Corporate Leadership Team
- Governance and management style of the organisation
- Medium to long-term financial management
- The annual budget- setting process
- Stakeholder engagement and business cases
- The monitoring of financial performance
- External financial reporting

As part of its review of governance arrangements, the Council has concluded that governance arrangements are compliant with the requirements of the FM Code 2019. The FM Code 2019 and associated guidance states the manner in which compliance with the FM Code 2019 is demonstrated will be:

- proportionate to the circumstances of each local authority and
- will focus on any challenges in achieving the standards

2021/22 has presented challenges in respect of medium-term financial planning, arising from both a one-year government financial settlement and the ongoing implications of the Covid -19 pandemic. The Council has addressed this by updating its medium term financial plan later in the financial cycle than is usual, in order to incorporate the most up to date assumptions. The Council has used the information from the one-year financial settlement alongside other sources of information available, to make sensible assumptions in our medium- term financial planning.

Stakeholder engagement has been challenging in 2021/22 because of the social restrictions and guidance in place due to the Covid- 19 pandemic. The Council has addressed this by using technology to assist stakeholder engagement (for example, virtual attendance at committee meetings by members of the public) and other virtual forms of stakeholder feedback.

Statement by Leading Member (Leader of the Council) and Leading Officer (Chief Executive) of the Council

The Audit Committee has advised us of the result of the review of the effectiveness of the governance framework and a plan to address the weaknesses and ensure continuous improvement of the system is in place.

The Council's Internal Audit service, is delivered by TIAA Ltd. The programme of works for 2021/22 included 20 internal audits. The internal audit reports provide an assurance rating for a service and make recommendations for improvements.

Internal audit reviews assign an overall assessment assurance (in order of decreasing assurance) as follows: 'substantial', 'reasonable', 'limited' and 'no assurance' to the service under review. In 2021/22 the internal audit reports resulted in 2 limited assurance, 12 reasonable assurances and 6 substantial assurances.

Internal audit reports provide recommendations for improvements. In total 93 recommendations were suggested and 3 of these recommendations were priority 1 recommendations. Priority 1

Annual Governance Statement

recommendations relate to issues deemed fundamental to the systems concerned and upon which immediate action will be required. These relate to:

Waste Management

Recommendation	Management Comments
Is imperative that Managers ensure that staff are fully aware of and comply with vehicle weights limits, for all vehicles, prior to use and complete defect reports, as required.	<p>Any vehicle that significantly exceeds the set weight is issued with a defect number and the vehicle is recalibrated.</p> <p>There will be instances of drivers not following set down procedures but all drivers have been trained on their responsibilities.</p> <p>Drivers have been issued with a written instruction to remind them of the relevant weight limits.</p>
It is imperative that Managers develop and put in place a monitoring system, which ensures that medical checks are taken by the Drivers which complies with the License requirements.	<p>This is part of an ongoing piece of work to centrally record such matters and ensure reminders are in place.</p> <p>Some matters were overdue due to staff absences but this was addressed. In the meantime, a spreadsheet recording when last done it to be maintained to prevent recurrence.</p> <p>If medical checks are not undertaken by drivers then their licence will be suspended or revoked at which stage the employer will be informed.</p> <p>With regards eye tests, this was in relation to using display screens in cabs. This will need to be discussed with HR.</p>
Managers must iterate to all Drivers, the importance of performing the vehicle checks and completion of DVCs. demonstrating compliance with expected procedures.	<p>Reminder gone to all supervisors and spot checks need to take place.</p> <p>Transformation programme that is to take place aims to free up the supervisors' time to carry out more checks to ensure drivers following procedure. Additionally, looking at whether an electronic recording of checks can be implemented.</p> <p>This has been raised with the Transport Manager and a further audit will be undertaken.</p>

Published internal audit reports are available at www.dacorum.gov.uk. Further details are available upon request. The Internal Auditor's Annual Report for 2021/22 will be presented to the Audit Committee in June 2022.

Where this Governance Statement has identified improvement areas, we propose steps to enhance our governance arrangements further. We are satisfied these steps will address the improvements required and will monitor their implementation and operation as part of our next annual review.

We give our assurance that the Council as a whole is committed to continuous improvement and believe we have established the relevant foundations on which to create further capacity to continue to develop our governance arrangements.

We give our further assurance the Council's financial management arrangements conform to the governance requirements of the CIPFA *Statement on the role of the Chief Financial Officer in Local Government* (2016) and the Financial Management Code 2019.

Signed
(Councillor Andrew Williams - Leader of the Council)

(date to be inserted)

Signed
(Claire Hamilton - Chief Executive)

(date to be inserted)

Comprehensive Income and Expenditure Statement

	Note	2021/22			2020/21		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
		£'000	£'000	£'000	£'000	£'000	£'000
Finance and Resources (GRF)		60,735	(39,777)	20,958	63,486	(41,576)	21,910
Housing and Community (GRF)		10,525	(6,501)	4,023	12,186	(5,480)	6,706
Strategic Planning & Environment (GRF)		25,288	(12,065)	13,223	22,642	(7,893)	14,749
Housing and Community (HRA)		49,832	(58,717)	(8,884)	55,648	(54,917)	731
Total Cost of Services		146,380	(117,060)	29,320	153,962	(109,866)	44,096
Other Operating Expenditure	8			(1,793)			(3,433)
Financing and Investment Income and Expenditure	9			8,153			1,736
Taxation and Non Specific Grant Income	10			(28,872)			(26,176)
(Surplus)/Deficit on Provision of Services				6,807			16,223
(Surplus)/ Deficit on Revaluation of Property Plant, Equipment	30			(80,360)			(13,301)
Actuarial (Gains)/Losses on Pension Asset / Liabilities	36			(29,132)			32,083
Other Comprehensive Income and Expenditure				(109,492)			18,782
Total Comprehensive Income and Expenditure				(102,685)			35,005

-ive signage represents Income or credits to service lines and + ive represents costs or charges to the respective service line

Movement in Reserves Statement

	Note	General Fund £'000	Earmarked Reserves General Fund £'000	Housing Revenue Account £'000	Earmarked Reserves HRA £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2020		2,502	16,194	2,892	5,739	12	12,439	15,410	55,188	981,077	1,036,265
Movement in Reserves During 2020/21:											
Surplus or (Deficit) on Provision of Services		(5,420)		(10,803)	0	0	0	0	(16,223)	0	(16,223)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	0	(18,782)	(18,782)
Total Comprehensive Income and Expenditure		(5,420)	0	(10,803)	0	0	0	0	(16,223)	(18,782)	(35,005)
Adjustments Between Accounting Basis and Funding Basis Under Regulations:	11	18,206	0	12,041	0	160	1,024	30,770	62,201	(62,201)	0
Net Increase/(Decrease) Before Transfers to Earmarked Reserves		12,786	0	1,238	0	160	1,024	30,770	45,978	(80,983)	(35,005)
Transfer (to)/from Earmarked Reserves	12	(12,786)	12,786	(1,238)	1,238	0	0	0	0	0	0
Balance at 31 March 2021		2,502	28,980	2,892	6,977	172	13,463	46,180	101,166	900,094	1,001,260
Movement in Reserves During 2021/22:											
Surplus or (Deficit) on Provision of Services		(3,782)	0	(3,026)	0	0	0	0	(6,807)	0	(6,807)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	0	109,492	109,492
Total Comprehensive Income and Expenditure		(3,782)	0	(3,026)	0	0	0	0	(6,807)	109,492	102,685
Adjustments Between Accounting Basis and Funding Basis Under Regulations:	11	(2,100)	0	3,046	0	4,632	4,966	951	11,496	(11,496)	0
Net Increase/(Decrease) Before Transfers to Earmarked Reserves		(5,882)	0	20	0	4,632	4,966	951	4,689	97,996	102,685
Transfer (to)/from Earmarked Reserves	12	5,882	(5,882)	(20)	20				0	0	0
Balance at 31 March 2022		2,502	23,098	2,892	6,997	4,804	18,429	47,131	105,855	998,090	1,103,945

Balance Sheet

	Note	31 March 2021 £'000	31 March 2022 £'000
Long-term Assets			
Property, Plant & Equipment	25	1,275,781	1,340,976
Investment Property	27	64,982	66,454
Heritage Assets	33	8,823	8,823
Intangible Assets	28	468	448
Long-term Debtors	21	1,566	384
Total Long Term Assets		1,351,620	1,417,085
Current Assets			
Short-term Investments	34	67,517	100,549
Assets Held for Sale	29	1,389	0
Inventories		165	207
Short-term Debtors	22	24,868	20,216
Cash and Cash Equivalents	34	45,800	39,399
Total Current Assets		139,739	160,372
Current Liabilities			
Short-term Creditors	20	(29,444)	(33,926)
Short-term Borrowing	34	(3,947)	(1,829)
Revenue Grants and Contributions	19	(12,788)	(15,144)
Capital Grants and Contributions	19	(484)	(1,424)
Short-term Provisions	24	(8,319)	(7,971)
Total Current Liabilities		(54,982)	(60,294)
Long-term Liabilities			
Long-term Creditors	19	(259)	(258)
Long-term Borrowing	34	(349,680)	(347,974)
Net Pension Liability	36	(85,178)	(64,986)
Total Long-term Liabilities		(435,117)	(413,218)
Net Assets (Assets Less Liabilities)		1,001,260	1,103,945
Usable Reserves			
General Fund	11	2,502	2,500
Earmarked Reserves – General Fund	12	28,980	23,098
Housing Revenue Account (HRA)	11	2,892	2,894
Earmarked Reserves – HRA	12	6,977	6,997
Major Repairs Reserve	11	172	4,805
Capital Grants Unapplied Account	11	13,463	18,429
Capital Receipts Reserve	11	46,180	47,131
Total Usable Reserves		101,166	105,853
Unusable Reserves			
Revaluation Reserve	30	571,556	640,658
Capital Adjustment Account	31	431,093	431,051
Deferred Capital Receipts		0	0
Collection Fund Adjustment Account		(12,904)	(6,357)
Pension Reserve	36	(89,156)	(66,981)
Accumulated Absences Account		(495)	(279)
Total Unusable Reserves		900,094	998,092
Total Reserves		1,001,260	1,103,945

Cashflow Statement

	2021/22	2020/21
	£'000	£'000
Net Surplus/(Deficit) on Provision of Services	(6,807)	(16,223)
Operating Activities		
Adjustments to surplus/deficit for non cash movements		
Depreciation & Impairment & Valuations to the CIES for Property	31,669	48,509
Amortisation of Intangible Assets	144	114
Disposal of Assets	6,990	35,517
Changes in Inventory	(42)	(56)
Changes in Debtors	2,140	(4,879)
Changes in Creditors	5,989	14,559
Changes in Net Pension Liability	8,895	(1,631)
Other non-cash Movements	(348)	(5,132)
	55,436	87,001
Adjustment for items included in the net surplus or deficit on the provision of services that are investing & financing activities		
Proceeds from short-term investments	0	0
Proceeds from the sale of non-current assets	(11,387)	(41,616)
Any other items for which the cash effects are investing or financing cash flows	(8,442)	(2,577)
	(19,829)	(44,193)
Net Cash Flows from Operating Activities	28,800	26,585
Cash Flows from Investing Activities		
Purchase of Property, Plant & Equipment, Investment Property and Intangibles	(27,682)	(22,727)
Net Changes in Short-term and Long-term Investments	(33,000)	(16,000)
Other payments for investing activities	0	0
Proceeds from the Disposal of Property, Plant and Equipment	11,363	41,527
Other receipts from investing activities	10,544	3,379
Net Cash Flows from Investing Activities	(38,775)	6,179
Cash Flows from Financing Activities		
Repayments of borrowing	(3,823)	(4,939)
Other payments for financing activities	7,398	(519)
Net Cash Flows from Financing Activities	3,575	(5,458)
Net Increase/(Decrease) in Cash and Cash Equivalents	(6,400)	27,306
Cash and Cash Equivalents at the Beginning of the Period	45,800	18,494
Cash and Cash Equivalents at the End of the Period	39,400	45,800
The cash flows for operating activities include the following items:		
Interest Receivable and Similar Income	138	410
Interest Payable and Other Similar Charges	(11,963)	(12,067)

1. Accounting Policies

Summary of Significant Accounting Policies

Principal accounting policies applied in preparing the Statement of Accounts (the Accounts) are below.

Basis of Preparation

The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting 2021/22 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). In preparing the Accounts, conforming to the Code requires the use of certain critical accounting estimates and management to exercise judgement in applying the accounting policies.

Following the UK withdrawal from the remit of the EU-endorsement framework, the Code is based on standards adopted for UK application under the terms of the International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 (SI 2019/685)

The accounting convention adopted in the Accounts is principally historic cost, modified by the revaluation of Property, Plant and Equipment and Investment Property.

Going Concern

The Accounts are prepared on a going concern basis, i.e. assuming the Council will continue to operate for the foreseeable future.

Accruals of Income and Expenditure

Activity is accounted for in the year it takes place, not 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 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 economic benefits or service potential associated with the transaction will flow to the Council.
- Expenses in relation to services received (including those provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and consumed, they are carried as inventories on the Balance Sheet.
- Long-term contracts are accounted for by 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.
- 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.

The only exception to this is Housing Benefit Payments, which are recorded on a cash basis.

- 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.

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.

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. Changes are 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.

Council Tax and Non-Domestic Rates (NDR)

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

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included in the Movement in Reserves Statement.

The Balance Sheet includes the authority's share of year-end balances in respect of council tax and NDR for arrears, impairment allowances for doubtful debts, overpayments, prepayments and appeals.

Community Infrastructure Levy (CIL)

The Council has elected to charge and collect the planning charge CIL. The levy is charged on new builds (chargeable developments for the authority) with appropriate planning consent and used to fund capital infrastructure projects that support the development of the area. A small proportion of CIL charges may be used to fund revenue expenditure.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions.

Government Grants and Other Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments; and
- the grant or contribution will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that future economic benefits or service potential embodied in the asset in

the form of 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-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Once they have been applied to fund capital expenditure amounts in the Capital Grants Unapplied are transferred to the Capital Adjustment Account.

Overheads and Support Services

Overheads and support services are charged to the Housing Revenue Account in proportion to benefits/services received. The Comprehensive Income and Expenditure is shown before recharges.

Charges to Revenue for Non-Current Assets

Services are debited with the following to record the cost of holding non-current assets during the year:

- depreciation and amortisation 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;

Fair Value

The Council values some of its non-financial assets such as surplus assets and investment properties at fair value. 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. When applying the definition of fair value, non-financial assets shall be measured at highest and best use.

The Council uses valuation techniques appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities measured or disclosed at fair value are categorised within the fair value hierarchy, as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities the Council can access at the measurement date

Level 2 – inputs other than quoted prices included within Level 1 observable for the asset or liability, either directly or indirectly

Level 3 – unobservable inputs for the asset or liability.

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 expected to be used for more than one financial year are classified as Property, Plant and Equipment.

Initial and Subsequent expenditure on Property, Plant and Equipment is capitalised on at cost on an accruals basis when it will bring future economic benefits or service potential to the Council for more than one reporting period and the costs can be reliably measured, subject to a de-minimis capitalisation threshold of £10,000 per scheme. Items below this limit are charged to revenue. The Council does not capitalise borrowing costs incurred whilst assets are under construction. The carrying amount of any

replaced part is derecognised. All other repairs and maintenance are charged to the Comprehensive Income and Expenditure Statement during the financial period they are incurred.

Land and buildings are subsequently measured at current value. Current value is determined as the amount that would be paid for the asset in its existing use. Where an asset is specialised and/or rarely sold current value is estimated using a depreciated replacement cost.

Council dwellings are subsequently measured at current value, determined using the Existing Use Value for Social Housing (EUV-SH).

For surplus assets, the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.

Infrastructure, community assets, and assets under construction, are measured at depreciated historical cost.

Non-property assets are measured at depreciated historical cost basis, which is deemed to be a proxy for current value as the assets have short useful lives and/or low values.

Assets included in the Balance Sheet at fair value are revalued with sufficient regularity to ensure their carrying amount is not materially different from their current value at the year-end, but as a minimum, every five years.

When an asset's carrying amount increases as a result of a revaluation, the increase is recognised in the Comprehensive Income and Expenditure Statement to the extent it reverses a revaluation decrease of the same asset previously charged to the service. Any remaining increase is credited directly to the Revaluation Reserve. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

When an asset's carrying amount decreases as a result of a revaluation, the decrease is debited to the Revaluation Reserve to the extent of any credit balance existing for that asset. Any remaining decrease is recognised in the relevant service lines in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007, 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.

Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).

Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, 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 calculated using the straight-line method to allocate an asset's carrying value to its residual value over its remaining estimated useful life. The basis of estimated useful lives is:

Buildings/Council Dwellings	Remaining useful life is provided by the external valuers
Community Assets	Shorter of remaining life or 30 years
Infrastructure Assets	Shorter of remaining life or 30 years
Vehicles, Plant and Equipment	Remaining lease period, or remaining life advised by a suitable officer

Where an asset comprises two or more major components with substantially different useful economic lives, each component is accounted for separately and depreciated over its individual useful life.

No depreciation is charged on land or assets under construction.

The assets' useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period.

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the Comprehensive Income and Expenditure Statement, and depreciation based on the asset's historic cost, is transferred from the Revaluation Reserve to the Capital Adjustment Account.

Heritage Assets

The Council holds various items classified as Heritage Assets. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses, acquisitions and disposals) in accordance with the Council's accounting policies on Property, Plant and Equipment. However, some measurement rules are relaxed in relation to Heritage Assets. Where valuations are undertaken, they are reviewed sufficiently regularly to ensure their carrying amount is not materially different from their valuation at the year-end, but as a minimum every five years.

The carrying amounts of Heritage Assets are reviewed where there is evidence of impairment, e.g. where the item has suffered physical deterioration or breakage, or where doubt arises to its authenticity.

The groups of Heritage Assets along with the measurement basis are:

Land

The Council holds three areas of land forming part of the Borough's history. Within this land various sculptures and cultural assets are on display. These assets are valued at fair value. Fair value is primarily based on the amount that would be paid for the asset in its existing use.

Civic Regalia/Treasuries

The Council holds various items of Regalia and Treasuries; many are on display at The Forum, Hemel Hempstead. These include the Mayoral Chain, Badges, Silver Mace and the Charters. These items are reported in the Balance Sheet at insurance valuation, which is based on market values.

Sculptures/Statues/Artwork

The Council holds numerous sculptures and pieces of artwork throughout the Borough. Those deemed to have historical, artistic or cultural significance are valued, and carried on the Balance Sheet. Where possible, these valuations are based on cost when acquired. For those items where cost information is unavailable, no value is reported in the Balance Sheet as it would involve incurring a disproportionate cost to value the assets in comparison to the benefits of the users of the accounts.

Other Heritage Assets

The majority of other Heritage Assets are held and managed by the Dacorum Heritage Trust (DHT), and are available for public viewing on request. These assets are held on the Balance Sheet at insurance valuation. The miscellaneous assets not managed by the DHT are not reported on the Balance Sheet as the cost of valuation would be disproportionate to the benefits of the users of the accounts.

This group also includes 31 Memorials in the Borough. Given the value of these could never adequately reflect the emotional value vested in them by the community and would not materially affect the accounts, it would be inappropriate and misleading to present a value based on purely material costs.

Revenue Expenditure Funded From Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on Council Tax.

Lease Classification

Leases are classified as either finance leases or operating leases based on the substance of the arrangement.

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

Operating Leases (Council as Lessee)

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged on a straight-line basis over the term of the lease to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Contingent rent is recognised in the period it arises.

Finance Leases (Council as Lessee)

Leases are classified as finance leases where the Council has substantially all the risks and rewards of ownership of the Property, Plant or Equipment.

Finance leased assets are capitalised at the commencement of the lease at the lower of the fair value of the leased Property, Plant and Equipment and present value of the minimum lease payments. Up-front payments for a leasehold interest classified as a finance lease are capitalised as part of the asset.

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 corresponding lease obligations, net of finance charges, are included in Creditors. Interest is charged to the Comprehensive Income and Expenditure Statement over the lease period at a constant periodic rate of interest on the remaining balance of the liability for each period. Contingent rent is recognised as an expense in the period in which it arises.

Operating Leases (Council as Lessor)

Where the Council grants an operating lease over a non-current asset, the leased asset remains on the Balance Sheet. The lease income is recognised over the term of the lease on a straight-line basis in the Income and Expenditure in the Investment Properties line in the Comprehensive Income and Expenditure Statement. Contingent rent is recognised in the period it arises.

Up-front payments received on the granting of a leasehold interest classified as an operating lease are recognised as a Creditor in the Balance Sheet and amortised over the lease term.

Finance Leases (Council as Lessor)

Where the authority grants a finance lease over a non-current asset, 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 is written off to the Other Operating Expenditure line for property, plant and equipment or assets held for sale and the investment properties line for investment in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement 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)
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Investment Property

Investment Property comprises land and/or buildings used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment Property is measured initially at cost and subsequently at fair value (highest and best use).

Gains and losses on revaluations and disposals and rental income are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Investment Properties are not depreciated but revalued annually.

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 Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Non-current Assets Held for Sale

Assets are reclassified as Asset Held for Sale if its carrying amounting will be recovered principally through a sale transaction rather than continued use and the following criteria are met:

- The asset must be available for immediate sale in its present condition
- The sale must be highly probable

- The asset must be actively marketed at a price reasonable to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Any subsequent decrease (loss) in fair value less costs to sell, is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Assets Held for Sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Assets Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

Disposals

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 Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). 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. A proportion of housing disposals receipts may be payable to Government. The balance of receipts is credited to the Capital Receipts Reserve, and can only be used for new capital investment. Receipts are appropriated to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

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.

Minimum Revenue Provision

The Council is not required to use Council Tax to fund depreciation, revaluation and impairment losses or amortisation on Non-current assets. However, it is required to make an annual contribution from revenue towards provision for the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis or by the Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are replaced by the Minimum Revenue Provision in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

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 maturing in no more than three months or less from acquisition date and 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.

Leave Accrual

The accrual represents leave earned at year end that can be utilised in the next financial year. The leave accrual is measured as the amount of the benefit earned by Council employees. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the Accumulated Absences Account so leave benefits are charged in the financial year the leave absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an employee or group of employees or making an offer to encourage voluntary redundancy.

Where termination benefits involve pension enhancements, 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 Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any amounts payable but unpaid at year-end.

Pensions

The Council provides retirement benefits as part of the terms and conditions of employment through the Local Government Pension Scheme, administered by Hertfordshire County Council. The benefits (retirement lump sums and pensions), are based on pay and service, are earned over the term of employment.

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

- The liabilities of the 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, and projected earnings for current employees;
- Liabilities are discounted to their value at current prices, using a discount rate annually reviewed and recommended by the Actuary;
- The assets of Hertfordshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price;
 - unquoted securities – professional estimate;
 - unlisted securities – current bid price; and
 - property – market value.
- The change in the net pensions liability is analysed into the following components:
 - Service cost comprising:
 - current service cost - the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Finance and Resources line in the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement

- net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) arising from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Re-measurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

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 Movement in Reserves Statement, this means 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 are earned by employees.

The Council 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 policies above.

Provisions

Provisions are recognised when:

- the Council has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year 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.

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 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.

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 or Housing Revenue Account Balances in the Movement in Reserves Statement. 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 Comprehensive Income and Expenditure Statement. The reserve is then appropriated into the General Fund or Housing Revenue Account Balance in the Movement in Reserves Statement so there is no net charge against council tax or housing rent for the expenditure.

Certain reserves are kept to manage accounting processes, which represent unusable resources for the Council. These are the Revaluation Reserve, Capital Adjustment Account, Short-term Accumulating Compensated Absences Account, Collection Fund Adjustment Account and Pension Reserve.

Financial Instruments

Recognition

Financial assets and financial liabilities which arise from contracts for the purchase and sale of non-financial items (such as goods or services), which are entered into in accordance with the Council's normal purchase, sale or usage requirement, are recognised when, and to the extent, performance occurs. All other financial assets and liabilities are recognised when the Council becomes party to the contractual provisions to receive or make cash payments.

Financial Assets measured at amortised cost

The Council's business model is to hold investments to collect contractual cash flows. The Council's financial assets are therefore classified as amortised cost.

Financial Assets measured at amortised cost (including loans and receivables) are initially measured at fair value and then subsequently at amortised cost using the effective interest rate method. Interest receivable is calculated by multiplying the carrying amount of the asset by the effective rate of interest for the financial asset and this is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. For most financial assets held by the council, the amount included in the balance sheet is the outstanding principal receivable plus accrued interest.

Expected Credit Loss Model

The council recognises expected credit losses on all its financial assets held at amortised cost on either a 12 month or lifetime basis.

Impairment losses are calculated to reflect the expectation that future cash flows might not take place because the borrower could default on their obligations. Credit risk is crucial 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 12-month expected losses basis.

Financial Liabilities

All financial liabilities are recognised initially at fair value, net of any material transaction costs incurred, and then measured at amortised cost using the effective interest rate method. Outstanding principal repayable (plus accrued interest) is included in Short-term Liabilities in the Balance Sheet except for the amounts payable more than twelve months after the end of the reporting period, which are classified as Long-term Liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest rate method and is charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

Value Added Tax (VAT)

VAT is included in the Comprehensive Income and Expenditure Statement, whether capital or revenue, only to the extent it is not recoverable. VAT receivable is excluded from income.

Events after the Balance Sheet Date

Events after the Balance Sheet date are events, both favourable and unfavourable, that occur between the end of the reporting period and the date the Accounts are authorised for issue. There are two types:

- those providing evidence of conditions that existed at the end of the reporting period – the Accounts are adjusted to reflect such events; and
- those indicative of conditions that arose after the reporting period – the Accounts are not adjusted to reflect such events, but where this would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Accounts.

2. Accounting standards issued but not yet adopted

The Code requires the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code to be disclosed. The standards introduced by the 2022/23 Code and where disclosures are required in the 2021/22 financial statements are:

1) Annual Improvements to IFRS Standards 2018–2020.

- IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS.
- IAS 37 (Onerous contracts) – clarifies the intention of the standard.
- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material.
- IAS 41 (Agriculture) – only expected to apply to local authorities in limited circumstances.

2) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) - this is based on the current position as agreed by CIPFA/LASAAC but the Code has not yet been subject to full due process so this might be subject to change.

These changes are not expected to have a material effect on the Council's 2022/23 accounts.

3. Critical judgements in applying Accounting Policies

In applying the accounting policies in Note 1, the Council has made certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made are:

Frequency of asset Valuations

The Council has made a judgement that revaluation of its balance sheet assets every 5 years is sufficiently regular. High value PPE assets are valued yearly and Council Dwellings are also valued at least once a year. The remaining assets not being valued yearly are not material.

Capital de Minimis Levels

The Council has made a judgement regarding materiality in setting a capital de Minimis of £10k.

4. Assumptions made about the future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the Balance Sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means actual outcomes could differ from those estimates. The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are:

Valuation of Property, Plant and Equipment

Council dwellings and Other Land and Buildings are disclosed at current value, based on professional valuations carried out in accordance with the Royal Institution of Chartered Surveyors Red Book. Investment Properties are valued at fair value.

The value of Council dwellings fluctuates with changes in the current market value of residential properties. A 5% change in property prices would affect the carrying value of the council dwellings by £58.29m in the Balance Sheet and change the annual depreciation charge by £0.97m in the Comprehensive Income and Expenditure Statement.

A 5% change in value of Council assets categorised as Other Land and Buildings would affect the carrying value of these assets by £6.832m. A 5% change in value of Council assets categorised as Investment properties would affect the carrying value of these assets by £3.323m.

Provision for Outstanding Business Rates Appeals

On 1 April 2013, Local Authorities assumed the liability for refunding ratepayers who have successfully appealed against the Business Rates rateable value of their properties. It is unknown how many of the outstanding appeals will be successful, though estimation techniques have been applied to the outstanding appeals using historic success rate data, including those that may be speculative claims. The carrying amount of the Provision is £15.2m, of which the Councils share is £6.9m. An increase in the success rate by 5% would change the required provision by £0.76m, affecting the surplus/deficit on the Collection Fund distributed to the preceptors and Central Government.

Provision for Water Charges

In 2020/21, the Council decided to provide for refunds due to previous housing tenants in respect of water charges income generated in previous financial years. This total provision amounts to £0.9m as at 31/03/22. It is uncertain how many claims will be made by former tenants.

Measurement of Pension Liability

The present value of the pension liability depends on a number of factors determined on an actuarial basis and the value of the underlying assets. The estimated effects of changes in key individual assumptions would increase the Council's pension liability at 31 March 2022 as follows:

	£m
0.1% decrease in the real discount rate	6.2
1 year increase in member life expectancy	12.6
0.1% increase in salary increase rate	0.5
0.1% increase in the pension increase rate (CPI)	5.7

The table presents the changes in isolation; however the assumptions interact in complex ways. See note 36 for information on the pension liability.

Covid-19

The future impact of Covid-19 is currently unknown and difficult to predict. Valuations of Property and Pensions may be affected by Covid-19, see sensitivity analysis above. The ongoing impact of Covid-19 may lead to additional bad debt write-offs and this was considered in calculating the bad debt provision.

5. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Finance Officer on x. Events taking place after this date are not reflected in the financial statements or notes. No events have taken place, which provided information about conditions existing at 31 March 2022.

6. Expenditure and Funding Analysis and note to the Expenditure and Funding Analysis- adjustments between funding and accounting basis

	2021/22			2020/21		
	Net Expenditure Chargeable to the General Fund & HRA Balances £'000	Adjustments Between the Funding & Accounting Basis (Note 7) £'000	Net Expenditure in the Comprehensive Income & Expenditure Statement £'000	Net Expenditure Chargeable to the General Fund & HRA Balances £'000	Adjustments Between the Funding & Accounting Basis (Note 7) £'000	Net Expenditure in the Comprehensive Income & Expenditure Statement £'000
Finance and Resources (GRF)	14,902	6,056	20,958	18,013	3,897	21,910
Housing and Community (GRF)	1,179	2,844	4,023	1,044	5,662	6,706
Strategic Planning & Environment (GRF)	9,889	3,334	13,223	11,606	3,143	14,749
Housing and Community (HRA)	(20,995)	12,110	(8,884)	(20,378)	21,109	731
Net Cost of Services	4,976	24,344	29,320	10,285	33,811	44,096
Other Income and Expenditure	887	(23,400)	(22,513)	(20,305)	(7,568)	(27,873)
(Surplus)/Deficit on Provision of Services	5,863	945	6,807	(10,020)	26,243	16,223
			2021/22 £'000	2020/21 £'000		
Opening Balance: General Fund, Earmarked Reserves & HRA Balance			(41,351)	(27,327)		
Pensions funding adjustment ¹				(3,978)		
Other adjustments relating to Pensions ¹				(26)		
Less Surplus/Deficit on Provision of Services on Provision of Services			5,863	(10,020)		
Closing Balance on General Fund, Earmarked Reserves and HRA Balance			(35,488)	(41,351)		

¹ The Council prepaid secondary employee contributions for 21/22 and 22/23 details are provided in the Pensions Note

Note to the Expenditure and Funding Analysis- adjustments between funding and accounting basis

This note reconciles the main adjustments to Net Expenditure Chargeable to the General Fund and HRA Balances shown in the Expenditure and Funding Analysis, to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The Movement in Reserves Statement explains the relevant transfers between reserves.

Adjustments for Capital Purposes – this column adds in depreciation, impairment and revaluation gains and losses in the services line and disposals, capital grants, revenue contributions and minimum revenue provision to the other income and expenditure line.

Net Change for Pensions Adjustments- For services this represents the removal of the employer pension contributions as allowed by statute and the replacement with current service costs and past service costs. For other income and expenditure, this adjusts for the net interest.

Other Adjustments- includes accumulated absence and the difference between what is income recognised under statute for council tax and NNDR and the income recognised under generally accepted accounting practices.

	Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Adjustments	Total Adjustments Between Funding & Accounting Basis
2021/22	£'000	£'000	£'000	£'000
Finance and Resources (GRF)	5,449	668	(62)	6,056
Housing and Community (GRF)	1,895	969	(20)	2,844
Strategic Planning & Environment (GRF)	965	2,452	(84)	3,334
Housing and Community (HRA)	11,065	1,094	(49)	12,110
Net Cost of Services	19,374	5,184	(214)	24,344
Other Income and Expenditure	(7,389)	1,773	(17,784)	(23,400)
(Surplus)/Deficit on Provision of Services	11,985	6,957	(17,998)	945
	Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Adjustments	Total Adjustments Between Funding & Accounting Basis
2020/21	£'000	£'000	£'000	£'000
Finance and Resources (GRF)	7,517	(3,711)	93	3,897
Housing and Community (GRF)	5,209	417	35	5,662
Strategic Planning & Environment (GRF)	1,956	1,073	113	3,143
Housing and Community (HRA)	21,659	(635)	85	21,109
Net Cost of Services	36,341	(2,856)	326	33,811
Other Income and Expenditure	(21,102)	1,225	12,309	(7,568)
(Surplus)/Deficit on Provision of Services	15,239	(1,631)	12,635	26,243

7. Expenditure and Income Analysed by Nature

The authority's expenditure and income is analysed as follows:

	2021/22 £'000	2020/21 £'000
Expenditure		
Employees (including pension adjustments)	43,111	36,040
Premises	15,463	12,298
Transport	1,811	1,746
Supplies & Services	19,740	17,070
Third Party & Transfer Payments	35,798	38,845
Capital Charges/Revaluations	33,760	44,335
Parish Precepts	1,000	972
Interest Payments	11,962	12,067
Non Current assets written off as part of disposal gain	6,990	35,517
Payments to the Housing Receipts Pool	1,604	1,559
Total Expenditure	171,238	200,449
Income		
Fees, Charges and Other Service Income	(80,854)	(73,678)
Interest & Investment Income	(162)	(237)
Income from Council Tax	(13,430)	(12,785)
Income from Business Rates	9	7,760
Government Grants & Other Contributions	(58,605)	(63,670)
Sale proceeds on asset disposal and lease amortisation	(11,388)	(41,616)
Total Income	(164,431)	(184,226)
(Surplus) or Deficit on the Provision of Services	6,807	16,223

8. Other Operating Expenditure

	2021/22 £'000	2020/21 £'000
Parish Council Precepts	1,000	972
Payments to the Government Housing Capital Receipts Pool	1,604	1,559
(Gains)/Losses on the Disposal of Non Current Assets	(4,397)	(5,963)
Total	(1,793)	(3,433)

9. Financing and Investment Income & Expenditure

	2021/22	2020/21
	£'000	£'000
Interest Payable and Other Similar Charges	11,962	12,067
Interest Receivable and Similar Income	(162)	(237)
Net Interest on the Net Defined Benefit Liability/Asset	1,773	1,225
Rental Income from Investment Property	(5,194)	(4,860)
Direct Operating Expenses Arising from Investment Property	947	1,320
Investment Property Disposals	0	(134)
Changes In Fair Value of Investment Property	(1,173)	(7,645)
Total	8,153	1,736

10. Taxation and Non-Specific Grant Income

	2021/22	2020/21
	£'000	£'000
Council Tax Income	(13,430)	(12,936)
Non Domestic Rates Income & Expenditure	1,764	9,497
Non-ring-fenced Government Grants	(8,764)	(20,160)
Capital Grants and Contributions	(8,442)	(2,577)
Total	(28,872)	(26,176)

11. Usable Reserves

This note details adjustments to the Comprehensive Income and Expenditure in accordance with proper accounting practice.

The **General Fund Balance** is the statutory fund into which all Council receipts are required to be paid and from which all liabilities of the authority are to be met, except where statutory rules provide otherwise. These rules can specify the financial year in which liabilities and payments impact the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The Balance therefore summarises the resources the Council is statutorily empowered to spend on services or capital investment at the end of the financial year. The balance is not to fund HRA services.

The **Housing Revenue Account Balance** reflects the statutory obligation to maintain a revenue account for local authority housing provision in accordance with part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function.

The **Major Repairs Reserve** is limited to being used on capital expenditure on HRA assets or the financing of historical HRA capital expenditure. The balance is capital resources yet to be applied.

The **Useable Capital Receipts Reserve** holds the proceeds from land or building disposals which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historic capital expenditure. The balance shows the resources yet to be applied.

The **Capital Grants Unapplied Reserve** holds the grants and contributions received towards capital projects for which the Council has met the appropriate conditions but which has yet to be spent. The current balance relates to unspent Community Infrastructure Levy.

Notes to the Accounts

2021/22	General Fund Balance	Major Repairs Reserve	Housing Revenue Account	Capital Grants Unapplied	Capital Receipts Reserve	Movement in usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments involving the Capital Adjustment Account						
<u>Reversal of Items debited or credited to the Comprehensive Income & Expenditure Statement (CIES):</u>						
Capital grants and contributions	(3,094)	0	(382)	0	0	(3,476)
Amortisation of Intangible Assets	144	0	0	0	0	144
Non Current Asset Depreciation & revaluation	6,219	0	(1,524)	0	0	4,694
HRA impairment reversal	0	0	12,589	0	0	12,589
Movements Investment Property fair value	(1,173)	0	0	0	0	(1,173)
Non-current assets written off as part of disposal gain	36	0	6,954	0	0	6,990
<u>Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement (CIES):</u>						
Minimum Revenue Provision/HRA debt repayment	(332)	0	(3,480)	0	0	(3,812)
Revenue Expenditure Funded From Capital Under Statute	1,947	0	0	0	0	1,947
Capital expenditure charged to General Fund or HRA	(350)	0	(4,735)	0	0	(5,085)
Capital expenditure funded by Reserves	(800)	0	0	0	0	(800)
Adjustments involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited to CIES as part of the gain/loss on disposal	(103)	0	(11,283)	0	11,387	0
Repayment of Capital Loans	0	0	0	0	10	10
Use of Capital Receipts to finance capital expenditure	0	0	0	0	(8,842)	(8,842)
Housing Capital Receipts Pooling Payment	1,604	0	0	0	(1,604)	0
Adjustments involving the Major Repairs Reserve:						
HRA Depreciation	0	15,559	0	0	0	15,559
Loan Repayment Funded by the MRR	0	(3,480)	3,480	0	0	0
Use of MRR to Finance Capital Expenditure	0	(7,446)	0	0	0	(7,446)
Adjustments involving the Capital Grant Unapplied Account						
Capital Grants and Contributions unapplied credited to the CIES	(4,966)	0	0	4,966	0	0
Capital Grants applied	0	0	0	0	0	0
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CIES	10,235	0	2,812	0	0	13,047
Employer's pension contributions to pension fund payable in the year	(4,755)	0	(1,335)	0	0	(6,090)
Adjustments involving the Collection Fund Adjustment Account:						
Amount council tax & business rates credited to the CIES differs from that calculated under statutory requirements	(6,547)	0	0	0	0	(6,547)
Adjustments involving the Accumulated Absences Reserve:						
Absences Accrual transferred to the Accumulated Absences Account	(165)	0	(49)	0	0	(214)
Adjustments Between Accounting Basis & Funding Basis Under Regulations	(2,100)	4,632	3,046	4,966	951	11,496

Notes to the Accounts

2020/21	General Fund Balance	Major Repairs Reserve	Housing Revenue Account	Capital Grants Unapplied	Capital Receipts Reserve	Movement in usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments involving the Capital Adjustment Account						
<u>Reversal of Items debited or credited to the Comprehensive Income & Expenditure Statement (CIES):</u>						
Capital grants and contributions	(1,342)	0	(213)	0	0	(1,555)
Amortisation of Intangible Assets	114	0	0	0	0	114
Non Current Asset Depreciation & revaluation	11,213	0	10,723	0	0	21,936
HRA impairment reversal	0	0	10,936	0	0	10,936
Movements Investment Property fair value	(7,645)	0	0	0	0	(7,645)
Non-current assets written off as part of disposal gain	25,316	0	10,201	0	0	35,517
<u>Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement (CIES):</u>						
Minimum Revenue Provision/HRA debt repayment	(237)	0	(4,590)	0	0	(4,827)
Revenue Expenditure Funded From Capital Under Statute	3,359	0	0	0	0	3,359
Capital expenditure charged to General Fund or HRA	(350)	0	(4,312)	0	0	(4,662)
Capital expenditure funded by Reserves	0	0	0	0	0	0
Adjustments involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited to CIES as part of the gain/loss on disposal	(25,752)	0	(15,864)	0	41,616	0
Repayment of Capital Loans					10	10
Use of Capital Receipts to finance capital expenditure	0	0	0	0	(9,297)	(9,297)
Housing Capital Receipts Pooling Payment	1,559	0	0	0	(1,559)	0
Adjustments involving the Major Repairs Reserve:						
HRA Depreciation	0	15,637	0	0	0	15,637
Loan Repayment Funded by the MRR	0	(4,590)	4,590	0	0	0
Use of MRR to Finance Capital Expenditure	0	(10,887)	0	0	0	(10,887)
Adjustments involving the Capital Grant Unapplied Account						
Capital Grants and Contributions unapplied credited to the CIES	(1,024)	0	0	1,024	0	0
Capital Grants applied	0	0	0	0	0	0
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CIES	6,394	0	1,878	0	0	8,272
Employer's pension contributions to pension fund payable in the year	(4,552)	0	(1,373)	0	0	(5,925)
Adjustments involving the Collection Fund Adjustment Account:						
Amount council tax & business rates credited to the CIES differs from that calculated under statutory requirements	10,910	0	0	0	0	10,910
Adjustments involving the Accumulated Absences Reserve:						
Absences Accrual transferred to the Accumulated Absences Account	243	0	65	0	0	306
Adjustments Between Accounting Basis & Funding Basis Under Regulations	18,206	160	12,041	1,024	30,770	62,201

12. Earmarked Reserves

These are the resources the Council voluntarily earmarks for future spending plans.

	Balance 31/03/2021	Transfers Out 2021/22	Transfers in 2021/22	Balance 31/03/2022
	£'000	£'000	£'000	£'000
General Fund Reserves:				
Management of Change	757	(902)	403	258
Local Development Framework	515	(38)	0	477
Funding Equalisation	14,641	(11,450)	6,856	10,047
Economic Recovery	5,142	(3,032)	697	2,807
Training and Development	375	(242)	0	133
Capital Development	300	0	0	300
Uninsured Loss	360	0	0	360
Litigation Reserve	317	0	0	317
Pensions Reserve	2,373	0	200	2,573
Dacorum Development	848	(1,103)	2,962	2,707
Savings Efficiency	1,207	(386)	86	907
Technology Reserve	756	(4)	0	752
Covid Hardship Fund	581	(448)	0	133
Inflationary Pressure Reserve	0	0	565	565
Other Under £250k	808	(101)	55	762
Total General Fund Reserves	28,980	(17,706)	11,824	23,098
Housing Revenue Account Reserves:				
Strategic Acquisition	4,041	0	0	4,041
Revenue Commitments	2,439	0	0	2,439
Other HRA (Under £300k)	497	0	20	517
Total HRA Reserves	6,977	0	20	6,997
Total Earmarked Reserves	35,957	(17,706)	11,844	30,096

13. Members' Allowances

The following amounts were due to Members:

	2021/22	2020/21
	£'000	£'000
Salaries (Basic & Special allowances)	426	423
Allowances (Broadband)	2	1
Expenses (Travel & Subsistence)	0	0
Total	428	423

14. Remuneration of Employees

The following table shows the number of employees whose remuneration, excluding pension costs, exceeded £50,000 for the year, excluding those disclosed individually in the table of Senior Employees.

Total Remuneration	2021/22	2020/21
£50,000 - £54,999	27	24
£55,000 - £59,999	8	6
£60,000 - £64,999	1	2
£65,000 - £69,999	3	10
£70,000 - £74,999	10	3
£75,000 - £79,999	3	1
Total	52	46

The remuneration paid to the Council's senior employees was:

	Salary (Including Fees & Allowances)	Total Remuneration Excluding Pension Contributions	Pension Contributions	Total
2021/22	£	£	£	£
Mark Gaynor, Corporate Director (Housing & Regeneration) to 23/11/2021.	156,193	156,193	13,529	169,722
Chief Executive	143,147	143,147	26,482	169,629
Corporate Director (Finance & Operations) to 31/10/2021.	144,462	144,462	12,194	156,656
Assistant Director (Performance & People & Innovation) to 28/02/2022.	98,322	98,322	14,524	112,846
Strategic Director (Place) from 29/11/2021, prior to this Assistant Director (Planning, Development & Regeneration)	90,979	90,979	16,831	107,811
Chief Finance Officer from 1st November 2021, Assistant Director (Finance & Resources) until 31/10/2021.	89,470	89,470	16,728	106,198
Monitoring Officer	87,621	87,621	16,210	103,831
Assistant Director (Housing)	87,144	87,144	16,122	103,266
Assistant Director (Neighbourhood Delivery)- from 7/06/2021.	68,536	68,536	12,679	81,216

There were no benefits in kind received by Senior Officers.

Notes to the Accounts

2020/21	Salary (Including Fees & Allowances) £	Benefits in Kind (e.g. Lease Car) £	Total Remuneration Excluding Pension Contributions £	Pension Contributions £	Total £
¹ Chief Executive to 31/10/20	90,880	0	90,880	15,541	106,421
¹ Chief Executive from 1/11/20	60,251	0	60,251	10,984	71,235
Corporate Director (Finance & Operations)	111,586	0	111,586	20,005	131,591
Corporate Director (Housing & Regeneration)	111,586	0	111,586	20,005	131,591
Assistant Director (Planning, Development & Regeneration)	86,463	947	87,410	15,405	102,815
Assistant Director (Performance & People & Innovation)	86,084	0	86,084	15,405	101,489
Assistant Director (Finance & Resources)	86,084	0	86,084	15,405	101,489
Assistant Director (Neighbourhood Delivery)	22,713	0	22,713	43	22,756
Assistant Director (Housing)	86,084	0	86,084	15,405	101,489
Monitoring Officer	81,377	0	81,377	14,534	95,911

¹The Council's previous Chief Executive retired on 31/10/20. A new officer commenced in the role on 1/11/20.

The number of exit packages are in the table below:

Exit Package Cost Band (including special payments)	Number of Redundancies		Number of Other Departures Agreed		Total number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band £'000	
	21/22	20/21	21/22	20/21	21/22	20/21	21/22	20/21
£0 - £20,000	1	1	0	0	1	1	20	5
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	1	0	0	0	1	0	80	0
£80,001 - £100,000	1	0	0	0	1	0	84	0
Total	3	1	0	0	3	1	184	5

15. Related Party Transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. By disclosing these transactions, readers can assess the extent the Council might have been constrained in its ability to operate independently or limit another party's ability to bargain freely with the Council.

Members and Senior Officers of the Council

Members and Senior Officers of the Council have direct control over the Council's financial and operating policies. The total Member allowances paid in 2021/22 is shown in note 13. Disclosures of interest have been made in respect of the following organisations to which payments were made or from which payments were received (excluding major and local precepting authorities). Where grants were given, they were made with proper consideration of the declaration of interests and the relevant Members did not take part in any discussion or decision relating to the grants. The Register of Members' Interests shows both potential financial and other interests, including involvement with voluntary organisations, public authorities and various other bodies. It is available on the Council's website.

Transactions in 2021/22 are disclosed below. Transactions with community and voluntary groups of less than £5k have been excluded. Further details of these transactions can be provided on request.

Organisation	Name	Expenditure 2021/22	Income 2021/22	Amount owed by/(to) the Council 31/03/2022	Nature of Transaction
		£'000	£'000	£'000	
Jarvis Group Ltd	Fiona Jump: Head of Financial Services	1,589	0	542	Construction
Community Action Dacorum	Cllr Birnie & Cllr Griffiths (since December 2021)	245	(0)	0	Grants
West Herts Crematorium Committee	Cllr Douris	0	(100)	(100)	Licence fee and contribution
Hemel Business Improvement District	James Doe- Strategic Director Place	44	(5)	0	Grants
St Francis Hospice	Cllr Symington	3	(25)	0	Commerical Waste and Rent
Tring Together	Cllr Hearn	11	(1)	0	Grants and Commerical Waste
Chilterns AONB	Cllr McDowell	8	0	0	Grant
DP Taylor	Chris Taylor: Group Manager Strategic Planning & Regeneration	7	0	0	Maintenance
PATROL (Parking & Traffic Regulations outside London) Committee	Cllr Douris	3	0	0	Membership
Sutton Envelopes	Cllr Sutton	0	(2)	0	Rent
Tring Market Auctions	Cllr Hearn	0	(0.6)	0	Licence
Stage Two Ltd	Cllr Douris	0	(1.2)	0	Rent
POS Enterprises	James Doe- Strategic Director Place	1	0	0	Participation Fee

In addition, Cllr Graeme Elliot and his wife, Cllr Sammy Barry and Cllr Margaret Griffiths' son own leasehold properties, which incur service charge, maintenance and ground rent expenditure with the Council. Cllr Rob Beauchamp rents a Caravan pitch at Woodwells. Cllr Gbola Adeleke rents a garage from the Council and Cllr Terry Douris rents two garages from the Council.

Herts Building Control

In December 2019, the Council joined Herts Building Control. Herts Building Control is a fully integrated building control service owned by 8 local authorities, each owning a 12.5% share of the business and having representation on the board. The Corporate Director of Housing and Regeneration acted as a Director on behalf of the Council until November 2021. Since December 2021, the Strategic Director Place has been a director on behalf of the Council. The Chief Executive is a shareholder of Herts Building Control. During 19/20, a loan was provided of £107k, which is included within long term debtors. During 21/22, there was expenditure of £50k. There were no material amounts due to from the Council and Herts Building Control as at 31st March 2022. The holding company for Herts Building control is Broste Rivers Limited. The Council only conducts transactions with Herts Building Control Limited.

Central Government

Central Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides a large proportion of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from Government departments are set out in Notes 17 and 18.

16. External Audit Costs

The Council has incurred the following costs for the audit of the Statement of Accounts and certification of grant claims by the external auditors Grant Thornton.

	2021/22 £'000	2020/21 £'000
External audit services carried out by the appointed auditor for the year	59	56
External audit services carried out by the appointed auditor for prior years	33	0
Certification of grant claims and returns for previous years	6	13
Certification of grant claims and returns for the year	23	18
Total	120	72

Audit fees are subject to review by the Public Sector Audit Appointments (PSAA). In 2021/22, the Council received £9.3k rebate from the PSAA Ltd relating to the 2020/21 surplus arising from audit fees under transitional arrangements and £29.1k grant relating to the Redmond Review.

17. Revenue Grant Income

The Council credited the following revenue grants and contributions to the Comprehensive Income and Expenditure Statement.

Non Specific Grant Income	2021/22 £'000	2020/21 £'000
New Homes Bonus	(1,103)	(1,779)
Covid-19 Local Authority Support Grant	(697)	(2,047)
Covid-19 Sales, Fees and Charges Income Compensation Scheme	(221)	(1,343)
Business Rates Relief	(5,996)	(14,417)
Other	(747)	(573)
Total	(8,764)	(20,160)

Grants Credited to Services	2021/22	2020/21
	£'000	£'000
Benefits Subsidy and Administration	(33,198)	(36,590)
Covid-19 Business Support Grants - Council acting as principal *	(5,001)	(2,899)
Other	(3,305)	(1,394)
Total	(41,504)	(40,883)

18. Grants and Other Contributions in the Balance Sheet

The Council has received grants and contributions that are yet to be recognised as income as conditions attached to them have not been satisfied at the Balance Sheet date. In year movements are:

	2021/22	2020/21
	£'000	£'000
Revenue Grants and Other Contributions		
As of the Beginning of the Period	(12,788)	(1,571)
Receipts	(22,346)	(51,096)
Conditions Satisfied	19,990	39,878
Closing Balance	(15,143)	(12,788)

The balances of the revenue grants are as follows:

	2021/22	2020/21
	£'000	£'000
Revenue Grants Yet to be Recognised as Income		
Homelessness Support Grant	(472)	(496)
Strategic & Planning Delivery Grants	(1,372)	(1,158)
Public Health	(11)	(379)
Refugee Grant	(448)	(324)
Test and Trace Support Grant	(132)	(160)
Council Tax- Energy Rebate Scheme - acting as principal	(289)	0
Other	(207)	(72)
Covid- 19 Business Support Grants acting as principal	(123)	(3,369)
Total	(3,053)	(5,957)

In addition, within the Revenue Grants and Contributions Current liabilities line in the Balance Sheet, the council is holding £5.479m (£6.831m in 2020/21) relating to Covid Business Support Grants and £6.611m for the Council tax energy rebate scheme, both of which the Council is acting as agent.

Capital Grants and Contributions yet to be recognised as income	2021/22	2020/21
	£'000	£'000
As of the Beginning of the Period	484	0
Receipts	2,072	1,273
Conditions Satisfied	(1,133)	(788)
Closing Balance	1,424	484

Breakdown of Capital Grants and Contributions yet to be recognised as income	2021/22	2020/21
	£'000	£'000
Disabled Facilities Grant	766	449
Other	658	35
Total	1,424	484

19. Long Term Creditors

	2021/22	2020/21
	£'000	£'000
Other Entities and Individuals (2 leases)	258	259
Total Long-term Creditors	258	259

20. Short-term Creditors

	2021/22	2020/21
	£'000	£'000
Central Government Bodies	15,163	8,533
Other Local Authorities	1,122	190
Other Entities and Individuals	17,641	20,721
Total Short-term Creditors	33,926	29,444

21. Long-term Debtors

The Council makes loans and payment plans to a number of organisations. This is analysed below:

	2021/22	2020/21
	£'000	£'000
Other Entities and Individuals	384	1,566
Total Long-term Debtors	384	1,566

This includes a bad debt provision of £67k for Community Infrastructure Levy payment plan debtors.

22. Short-term Debtors

The following table shows the analysis of short-term debtors, offset by the bad debt provisions held.

	2021/22	2020/21
	£'000	£'000
Central Government Bodies	1,237	1,890
Other Local Authorities	5,171	8,013
Other Entities and Individuals	13,808	14,964
Total Short-term Debtors	20,216	24,868

The following Bad Debt Impairment Allowances have been included in the above table.

	2021/22	2020/21
	£'000	£'000
Bad Debt Impairment Allowances		
Sundry Debtors	2,706	3,284
Housing Rents and Garages	2,077	2,045
Council Tax/Summons Fees	342	302
Business Rates/Summons Fees	1,854	1,228
Benefits Overpayments	1,437	1,735
Total Bad Debt Provisions	8,417	8,595

23. Contingent Liabilities

The council has no material contingent liabilities.

24. Provisions

The Council maintains the following provisions:

	Balance as at 31 March 2021 £'000	Contribution to Provision £'000	Use of Provision £'000	Amounts Reversed Unused £'000	Balance as at 31 March 2022 £'000
General Fund Provisions					
Insurance- General Fund	504	152	(42)	(45)	569
Business Rates Appeals	6,691	0	(617)	18	6,092
Total General Fund	7,195	152	(659)	(27)	6,661
Water Charges- HRA ^(a)	888	27	(13)	0	902
Insurance-HRA	236	483	(237)	(74)	408
Total HRA	1,124	510	(250)	(74)	1,310
Total Short-term Provisions	8,319	662	(909)	(101)	7,971

	Balance as at 31 March 2020 £'000	Contribution to Provision £'000	Use of Provision £'000	Amounts Reversed Unused £'000	Balance as at 31 March 2021 £'000
General Fund Provisions					
Insurance- General Fund	465	1	298	(260)	504
Business Rates Appeals	5,032	1,686	(22)	(5)	6,691
Total General Fund	5,497	1,687	276	(265)	7,195
Water Charges- HRA	0	888	0	0	888
Insurance-HRA	310	461	(170)	(365)	236
Total HRA	310	1,349	(170)	(365)	1,124
Total Short-term Provisions	5,807	3,036	106	(630)	8,319

The Insurance Provision represents the Council's view of the liabilities incurred, but not settled, for insurance excess payments relating to claims made against the Council.

The Business Rates provision represents the Council's share of the estimated liability for refunding ratepayers who successfully appeal against the Business Rates rateable value of their properties. During 2020/21, the Council's share of the opening balance on the Business Rates Appeals provision increased from 35% to 40%, following the end of the 75% retained Business Rates pilot for Hertfordshire. This increase is reflected in the 2020/21 contribution to provision figure above.

25. Property, Plant & Equipment

2021/22	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost / Valuation at the beginning of the period	1,101,666	143,443	22,448	3,970	6,472	10,509	1,288,508
Depreciation written out to Gross Carrying Amount on Revaluation	(15,534)	(1,417)	0	0	0	0	(16,951)
Revaluation increases recognised in the Revaluation Reserve	82,988	5,239	0	0	405	0	88,632
Revaluation decreases recognised in the Revaluation Reserve	0	(8,272)	0	0	0	0	(8,272)
Revaluation increases/(decreases) recognised in the(Surplus)/Deficit on Provision of Services	1,525	(2,286)	0	0	0	0	(761)
Additions	12,755	1,261	2,461	1,257	0	5,818	23,552
Impairment recognised in the(Surplus)/Deficit on Provision of Services	(12,589)	0	0	0	0	0	(12,589)
Reclassifications	9	(6)	0	335	0	(612)	(274)
Assets reclassified (to)/from Assets Held for Sale	0	0	0	0	0	0	0
Disposals	(5,012)	(601)	(4,782)	0	0	0	(10,395)
Cost / Valuation at the end of the period	1,165,808	137,361	20,127	5,562	6,877	15,715	1,351,450
Accumulated Depreciation at the beginning of the period	0	(436)	(12,040)	(251)	0	0	(12,727)
Depreciation Charge	(15,573)	(1,674)	(2,185)	(58)	0	0	(19,490)
Reclassifications	0	1	0	0	0	0	1
Depreciation written out to Gross Carrying Amount on Revaluation	15,534	1,417	0	0	0	0	16,951
Assets reclassified to Assets Held for Sale	0	0	0	0	0	0	0
Disposals	39	10	4,746	0	0	0	4,795
Accumulated Depreciation at the end of the period	0	(682)	(9,479)	(309)	0	0	(10,470)
Net Book Value At 31 March 2022 (all owned, no finance leases)	1,165,808	136,679	10,648	5,253	6,877	15,715	1,340,980

2020/21	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost / Valuation at the beginning of the period	1,102,676	138,607	21,304	3,265	6,472	40,095	1,312,419
Depreciation written out to Gross Carrying Amount on Revaluation	(15,693)	(2,215)					(17,908)
Revaluation increases recognised in the Revaluation Reserve	20,194	7,869					28,063
Revaluation decreases recognised in the Revaluation Reserve	(10,206)	(4,251)					(14,457)
Revaluation increases/(decreases) recognised in the(Surplus)/Deficit on Provision of Services	(10,723)	(7,157)					(17,880)
Additions	13,652	1,829	2,286	532		3,374	21,673
Impairment recognised in the(Surplus)/Deficit on Provision of Services	(10,937)	(30)	(6)				(10,973)
Reclassifications	17,720	8,904		173		(27,152)	(355)
Assets reclassified (to)/from Assets Held for Sale	(1,013)					(5,808)	(6,821)
Disposals	(4,004)	(113)	(1,136)				(5,253)
Cost / Valuation at the end of the period	1,101,666	143,443	22,448	3,970	6,472	10,509	1,288,508
Accumulated Depreciation at the beginning of the period	0	(999)	(11,377)	(192)	0	0	(12,568)
Depreciation Charge	(15,661)	(1,716)	(1,760)	(59)			(19,196)
Reclassifications	(64)	64					0
Depreciation written out to Gross Carrying Amount on Revaluation	15,693	2,215					17,908
Assets reclassified to Assets Held for Sale							0
Disposals	32		1,097				1,129
Accumulated Depreciation at the end of the period	0	(436)	(12,040)	(251)	0	0	(12,727)
Net Book Value At 31 March 2021 (all owned, no finance leases)	1,101,666	143,007	10,408	3,719	6,472	10,509	1,275,781

Notes to the Accounts

Rental income from Council Dwellings owned by the Housing Revenue Account is recognised in the Housing and Community (HRA) line of the CIES on an accruals basis.

Capital expenditure which is not completed at year-end is treated as an Asset under construction. When the scheme is complete the costs are then transferred from assets under construction to the relevant PPE or investment property category.

Property Valuations of Council Dwellings, Other Land and Buildings and Surplus Assets.

Council Dwellings and high value assets are valued annually. The valuation date is 31st January 2022, with the exception of dwellings which are the 31st March 2022. The remaining assets are valued on a five year cycle. Within other Land and Buildings the Council revalued £121.982m in year. The valuations were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Surplus assets are valued using level 2 observable inputs and in estimating the fair value of the council's surplus assets the highest and best use has been applied. In determining the highest and best use valuation, the valuer has considered the current use (rental value) compared with the potential redevelopment of the land value for the site.

26. Capital Commitments

The contractual commitments for capital expenditure for schemes over £500k that had started, or where legal contracts entered into at the 31 March 2022 are:

Contract	Contractor	Estimated Value £'000
Construction of social housing at Eastwick Row	Jarvis Contracting Ltd	7,612
Randall's Ride - Design & construction of 30 apartments	Bugler Developments Ltd	5,333
Replacement, repair and maintenance services of boilers	Sun Realm Ltd	3,090
Total Asset Management	Geoffrey Osborne Ltd	3,076
Supply of Refuse Vehicles	Geesinknorba Ltd	1,987
Project Management & Full Design Team Services for Berkhamsted Leisure Centre Redevelopment	Faithful+Gould Ltd	1,434
Supply of Compact Sweepers	Aebi Schmidt UK Ltd	898
Contractor for "Move On" Accommodation at Aragon Close	Hill Partnerships Ltd	644
CCTV Upgrade/Refresh Programme	Access Integrated Systems Ltd	588

The capital commitment at the 31 March 2021 was £28,706k.

27. Investment Property

	2021/22 £'000	2020/21 £'000
Investment Properties as per Balance Sheet		
As at the beginning of the period	64,982	82,361
Additions (Purchases/construction)	95	105
Reclassifications	204	18
Disposals	0	(25,147)
Net gains/(losses) from fair value movements	1,173	7,645
As at the end of the period	66,454	64,982

Notes to the Accounts

The investment properties were valued at the 31st January 2022 by an independent external valuer using level 2 observable inputs to estimate their fair value. In determining the highest and best use valuation, the valuer has considered the current use (rental value) compared with the potential redevelopment of the land value for the site. Significant observable level 2 inputs were recent sales prices, market rental, size, location, current market conditions and other relevant information for similar assets in the locality. See note 9 for transactions relating to Investment Properties in the Comprehensive Income and Expenditure Statement.

28. Intangible Assets

Intangible assets consist of purchased software licenses, which are carried at historical amortised cost.

	2021/22	2020/21
	£'000	£'000
Intangible Assets		
As of the beginning of the Period		
Gross Carrying Amounts	2,139	1,867
Accumulated Amortisation	(1,671)	(1,616)
Net Carrying Amount as of the Beginning of the Period	468	251
Reclassifications	70	0
Purchases	54	350
Disposals (net book value)	0	(18)
Amortisation for the Period	(144)	(115)
Net Carrying Amount as of the End of the Period	448	468
Comprising:		
Gross Carry Amounts	802	2,139
Accumulated Amortisation	(354)	(1,671)
Net Carrying Amount as of the End of the Period	448	468

29. Assets Held For Sale

	2021/22	2020/21
	£'000	£'000
Opening Balance	1,389	0
Additions	0	6,605
Reclassification	0	1,013
Revaluation decreases in Surplus/Deficit	0	0
Sold to other entities and individuals	(1,389)	(6,229)
Closing Balance	0	1,389

30. Revaluation Reserve

The Revaluation Reserve contains the gains from increases in the value of Property, Plant and Equipment accumulated since 1 April 2007. Accumulated gains arising before then are in the Capital Adjustment Account.

Notes to the Accounts

	2021/22	2020/21
	£'000	£'000
Opening Balance	571,556	567,919
Upward revaluation of assets	88,632	28,253
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(8,273)	(14,952)
Difference between fair value depreciation and historical cost depreciation	(7,805)	(7,787)
Amount written off to the Comprehensive Income and Expenditure Statement	(3,452)	(1,877)
Closing Balance	640,658	571,556

31. Capital Adjustment Account

The Capital Adjustment Account absorbs timing differences from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007.

	2021/22	2020/21
	£'000	£'000
Balance as of beginning of the period	431,093	470,064
Capital grants and contributions applied	3,476	1,554
Amortisation of intangible assets	(144)	(114)
Charges for depreciation and Revaluation losses on property, plant and equipment	(4,694)	(21,936)
Repayment of Loans for Capital	(10)	(10)
HRA impairment reversal	(12,589)	(10,936)
Difference between fair value depreciation and historical cost depreciation	7,805	7,787
HRA depreciation	(15,558)	(15,637)
Non-current assets written off to CIES on sale as part of the gain on disposal	(6,990)	(35,517)
Transfer from the Revaluation Reserve on disposal of assets	3,452	1,877
Revenue expenditure funded from capital under statute	(1,947)	(3,357)
Movements in market value of Investment Properties	1,173	7,645
Capital receipts applied to capital expenditure	8,842	9,297
Revenue contribution to capital	5,084	4,662
Use of reserves to finance capital expenditure	800	0
Use of Major Repairs Reserve to finance capital expenditure	7,446	10,887
Minimum Revenue Provision (MRP)	332	237
HRA Debt Repayment	3,480	4,590
Closing Balance	431,051	431,093

Notes to the Accounts

32. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown below together with the resources used to finance it. Where capital expenditure is 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 capital expenditure incurred historically by the Council that is yet to be financed.

	2021/22	2020/21
	£'000	£'000
Capital Financing Requirement		
Opening Capital Financing Requirement	348,873	353,699
Capital Investment:		
Property, Plant and Equipment	23,552	21,673
Assets held for Sale	0	797
Loans treated as capital expenditure	0	0
Heritage Assets	0	407
Investment Property	95	86
Intangible Assets	54	81
Revenue Expenditure Funded from Capital under Statute	1,947	3,357
Total Expenditure	25,648	26,400
Sources of Finance:		
Capital Receipts	(8,842)	(9,297)
Government Grants and Other Contributions	(3,476)	(1,554)
Use of Reserves (including Major Repairs Reserve)	(8,245)	(10,887)
Revenue Contributions (including statutory provision for repayment of debt)	(8,907)	(9,489)
Total Financing	(29,470)	(31,227)
Closing Capital Financing Requirement	345,051	348,873
	2021/22	2020/21
	£'000	£'000
Capital Financing Requirement		
Increase/(Decrease) in underlying need to borrow (unsupported by government financial assistance).	(3,822)	(4,826)
Assets Acquired Under Finance Lease		
Increase/(Decrease) in Capital Financing Requirement	(3,822)	(4,826)

33. Heritage Assets

This table provides details of the carrying value of the different groups of heritage assets:

	2021/22	2020/21
	£'000	£'000
Land	6,705	6,705
Sculptures/Artwork	1,819	1,819
Assets managed by Dacorum Heritage Trust	3	3
Civic Regalia and Treasuries	296	296
Total	8,823	8,823

Land Heritage Assets

The Council holds three areas of land (Gadebridge Park, Tring Park and The Water Gardens) which form part of the Borough's history. These sites include various sculptures and other cultural and historical assets and are constantly accessible to the public. A qualified external valuer using Existing Use Valuation method values the sites. Gadebridge Park and the Water Gardens are managed and preserved by the Council.

Tring Park is managed by the Woodland Trust and believed to date back to 1066. The Rothschilds opened a zoological museum on the site and were responsible for introducing numerous exotic animals to the park. The park was revalued on 31st March 2021.

Gadebridge Park is sited on the northern edges of Hemel Hempstead and forms a green wedge of urban countryside running into the heart of the town. The area dates back to the late Iron Age. Excavations on the field north of Galley Hill revealed a farmhouse which was extended after the Roman invasion of AD43 to include stone built wings around a courtyard, a bathhouse, heated rooms and, unusually, a large swimming pool. The Walled Garden is the location of the original Bury House. Refurbishment works were completed in 2020/21 to the Cranstones Bridge, (also known as the White Bridge) a Grade II listed structure, in Gadebridge Park. The park was revalued on 31st March 2021.

The Water Gardens were designed by Geoffrey Jellicoe as an integral part of his master plan for Hemel Hempstead New Town and were placed on English Heritage's Register of Parks and Gardens of Special Historic Interest in 2010 as very important post war urban landscape. A restoration project to conserve and enhance the original design completed in 2018. The Water Gardens were revalued on 31st March 2021.

Sculptures and Artwork Held at Cost

The Borough has various sculptures and pieces of artwork holding historical and cultural value. There are 5 where historical cost is available and these assets are held on the Balance Sheet at cost. They are preserved and managed by the Council, and constantly accessible to the public.

	Location	
The Residents' Rainbow by Colin Lambert	Royal British Legion's Memorial Garden, Hemel Hempstead Town Centre	Symbolises the optimism and aspirations of the first people to settle in the New Town after the Second World War
The Water Feature by Michael Rizzello OBE.	Junction of Marlowes and Bank Court, Hemel Hempstead	Celebrates youth and sport with a bronze sculpture of three children playing in the water.
The Steel Tree designed by Peter Parkinson and created by Richard Quinnell OBE.	Near the Roundhouse in Hemel Hempstead Town Centre	Each panel of the tree represents a different aspect of Hemel Hempstead's past and present.
The bronze relief map designed by Graham Thompson and sculpted by John Ravera.	Hemel Hempstead Town Centre	Depicts Hemel Hempstead as it was in 1947.
The Phoenix Sculpture , designed by Jose Zavala.	Roundabout near junction 8 of the M1, Hemel Hempstead	Reflects the recovery of Hemel Hempstead and in particular Maylands Business Park from the 2005 Buncefield oil depot explosion.

Assets managed by The Dacorum Heritage Trust

The Dacorum Heritage Trust is the accredited museum organisation for the borough, based at the Museum Store in Clarence Road, Berkhamsted. Of the 100,000 objects at Museum Store around 2,900 belong to the Council and were valued using insured value in March 2012. Items are accessible by appointment.

Civic Regalia and Treasuries

The Council holds, manages and preserves various items of Civic Regalia with historical relevance to Dacorum. Most are displayed outside the Council Chamber at the Forum, Hemel Hempstead and include a silver mace, silver cups, the Mayors Badges' and Chains. These were valued in March 2021 by External Valuers specialising in antiques and fine arts.

Heritage Assets not Held on Balance Sheet

The Council manages and preserves the following Heritage Assets where no historic cost information is available and cannot be valued as at a cost commensurate to users of the accounts so are not included on the Balance Sheet:

- 17 sculptures and artwork in Highfield, Adeyfield and the Town Centre,
- 7 posters depicting types of music hall acts at the Old Town Hall, Hemel Hempstead.
- 29 war memorials
- 2 stone carved memorials in Little Gaddesden
- 7 miscellaneous assets including Cranstone's Water Fountain (Boxmoor), Cranstone's Pump in the High Street and a Milestone in Little Gaddesden

34. Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet.

Financial Assets – All carried at Amortised Cost	2021/22	2020/21
	£'000	£'000
Cash Equivalents: Investments with Original Maturities of 3 Months or Less	38,604	44,967
Cash held by the Council	1	1
Cash: Bank Account Balance/(Overdraft)	795	832
Short-term Debtors	13,363	16,175
Long-term Debtors	384	1,566
Short-term Investments	100,549	67,517
Long-term Investments	0	0
Total	153,696	131,059

For short term financial assets, the carrying amount is assumed to approximate fair value. Short-term debtors are reviewed for impairment and presented in the balance sheet net of impairments.

Financial Liabilities – Amortised Cost	2021/22	2020/21
	£'000	£'000
Short-term Creditors	15,645	18,205
Long-term Creditors	188	188
Short-term Borrowings	1,829	3,947
Long-term Borrowings	347,974	349,680
Total	365,637	372,020

Fair Value

The valuation basis adopted for calculating the fair value of the council's financial instruments is level 2 inputs- i.e. inputs other than quoted prices that are observable for this financial liability and assets. The fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

Notes to the Accounts

- For Public Works Loan Board (PWLB) loans, the redemption and new borrowing (certainty rate) discount rates.
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate fair value.

The Code does not require fair value disclosures for short-term trade payables or receivables since the carrying amount is a reasonable approximation of fair value.

The fair values are as follows:

Financial Liabilities – Fair Value	2021/22	2020/21
	£'000	£'000
Short-term Creditors	15,645	18,205
Long-term Creditors	188	188
Short-term Borrowings	1,840	4,008
Long-term Borrowings	383,338	415,320
Total	401,011	437,721

The exit price fair value of £401m has been calculated using redemption and new loan borrowing discount rates. The Authority has no contractual obligation to pay these penalty costs and does not incur any additional cost if the loans run to their planned maturity date.

Liquidity Risk

The Council has access to the money markets for short-term debt to cover revenue expenditure and to the money markets and PWLB for longer-term borrowing. The Council's short and medium term cash forecasting procedures are aimed at ensuring that sufficient funds mature at the right time to cover expenditure. There is no significant risk the Council would be unable to raise finance to meet its commitments under financial instruments.

Refinancing and Maturity Risk

The Council maintains a significant investment portfolio. The prudential indicator limiting the amount of funds placed in investments for terms exceeding one year is a key factor limiting this risk, as is the medium term financial policy on reducing the Council's reliance on interest earnings to fund its core activities. Most of the Council's current borrowing is fixed-term from the PWLB in relation to Self-Financing at a preferential fixed rate. The repayment of these loans is factored into the Housing Revenue Account 30-year plan and so there is minimal risk the Council will need to refinance these loans at a time of unfavourable interest rates. £17.2m of the borrowing relates to financing of the General Fund Capital Programme, with repayments and interest costs factored into the Council's Medium Term Financial Strategy. The following table sets out the maturity analysis of financial liabilities held by the Council:

	2021/22	2020/21
	£'000	£'000
Less than 1 Year	1,829	3,947
Between 1 and 2 Years	2,638	1,705
Between 2 and 5 Years	14,419	11,076
Between 5 and 10 years	40,701	35,664
More than 10 Years	290,217	301,235
Total	349,803	353,627

Interest Rate/Credit Risk

The Council is exposed to interest rate movements on its investments, and has a number of strategies for managing interest rate risk. The annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate

Notes to the Accounts

movements. As part of this strategy, the Council sets the prudential indicators which provide maximum and minimum limits for fixed and variable interest rate exposure. The in-house Treasury Team monitors market and forecast interest rate movements, and selects the most advantageous investments allowed within the limits of the Council's treasury policies.

The Council's maximum exposure to credit risk for its short investments has been assessed using the lowest credit rating for each investment from Fitch, Moody's and Standard & Poor's Historic Default Rates. Given the expected credit loss is not material and the Council has not recently experienced a default, no impairment allowance has been made. The maximum Credit Risk exposure at the 31st March 2022 is:

Credit Risk Rating	Gross carrying amount 2021/22 £'000	Default Rate	12 month expected credit loss £'000
A+	7,000	between 0.017% and 0.035%	0.7
A	52,037	between 0.004% and 0.026%	7.0
A-	41,512	between 0.006% and 0.02% statutory provisions prevent	5.5
Other Local Authorities	0	default	0.0
Total	100,549		13.2

For Short-term debtors, the bad debt impairment allowance is shown in note 22. Sundry debtors and Housing Rents are financial assets. The bad debt provision is calculated based on aged of debt and/or value, with a higher impairment allowance for older and higher value debts as based on experience these are less likely to be recovered. The long-term debtors comprise of amounts owed by parish councils, the loan to Herts Building Control and Community Infrastructure debtors on payment plans due after the 31st March 2023. See note 22 for the impairment allowance. Parish Councils are considered low risk as traditionally they have low risk of default on payments so not impaired.

Income, Expense, Gains and Losses to the Surplus or deficit on the provision of services

See note 9 for the interest revenue gains and losses on financial assets measured at amortised cost.

35. Leases

Operating Leases - Council as Lessee

The Council leases various land and/or buildings under non-cancellable operating lease agreements. Lease terms range between 3 and 999 years. The operating leases do not have purchase options, although some have rent escalation clauses. The Council paid no contingent rent during 2021/22 or 2020/21.

The total future minimum lease payments under non-cancellable operating leases for each of the following periods are:

	2021/22 £'000	2020/21 £'000
Operating Lease Commitments (DBC as Lessee)		
Not later than one year	52	52
Later than one year but not later than five years	98	149
Later than five years	28	28
Total Commitments under Operating Leases	178	229

Operating Leases - Council as Lessor

The Council leases various land and/or buildings under non-cancellable operating lease agreements. The lease terms range between 1 and 399 years. The operating leases do not have purchase options, although most have rent escalation clauses. The total future minimum lease payments receivable under non-cancellable operating leases for each of the following periods are as follows:

	2021/22	2020/21
	£'000	£'000
Operating Lease Income (DBC as Lessor)		
Not later than one year	4,004	3,961
Later than one year but not later than five years	12,848	12,886
Later than five years	54,649	55,773
Total Minimum Lease Income under Operating Leases	71,501	72,620

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following future rent reviews. In 2021/22 contingent rents of £1.291m were receivable by the Council (£1.5m in 2020/21).

Finance Leases - Council as Lessee

The Council leases three properties under non-cancellable finance lease agreements. The property lease terms range between 125 and 899 years. The leases do not have purchase options, although the lease payments under one of the leases are tied to the sub-lease rental income. The assets acquired under these leases are carried as Investment Property in the Balance Sheet at the following amounts:

	2021/22	2020/21
	£'000	£'000
Finance Lease Assets (Council as Lessee)	523	599

The Council is committed to making minimum payments under these leases. These payments comprise of settlement of the long-term liability for the interest in the property acquired by the Council, and finance costs payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of:

	2021/22	2020/21
	£'000	£'000
Finance Lease Minimum Payments		
Current	0	0
Non-current	188	188
Finance Costs Payable in Future Years	1,552	1,572
Minimum Lease Payments	1,740	1,760

The total future minimum lease payments to be paid under non-cancellable finance leases are:

	2021/22	2020/21
	£'000	£'000
Commitments Under Finance Leases		
Not later than one year	20	20
Later than one year but not later than five years	80	80
Later than five years	1,640	1,660
Total Commitments Under Finance Leases	1,740	1,760

The minimum lease payments do not include rents contingent on events taking place after the lease was entered into. The Council paid contingent rent during the year of £28k (2020/21 £23k). The Council

has sub-let these properties. At 31 March 2022 the minimum payments expected to be received under non-cancellable agreements was £193k (£246k at 31 March 2021).

36. Pensions

Local Government Pension Scheme

As part of the terms and conditions of employment for employees, 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 by Hertfordshire County Council (HCC). The scheme is a funded benefit career average salary, meaning the Council and its employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. The scheme operates under the regulatory framework for the Local Government Pension Scheme. Governance is the responsibility of the Pensions Committee of HCC. Policy is determined in accordance with the Local Government Pension Scheme Regulations. The Investment sub-committee appoints the 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 Post-employment Benefits

These transactions were made in the Comprehensive Income and Expenditure Statement, General Fund Balance and Housing Revenue Account via the Movement in Reserves Statement during the year:

	2021/22	2020/21
	£'000	£'000
Comprehensive Income & Expenditure Statement		
Cost of Services:		
Current Service Cost	11,274	7,046
Past Service Cost/(Gain) – Including Curtailments	0	0
Financing and Investment Income and Expenditure:		
Net Interest on the net defined liability	1,773	1,226
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	13,047	8,272
Other Comprehensive Income & Expenditure:		
Return on Plan Assets (excluding amounts included in net interest expense)	(5,112)	(37,258)
Actuarial (Gains) & Losses Arising on Changes in Demographic Assumptions	(1,843)	4,091
Actuarial Gains & Losses Arising on Changes in Financial Assumptions	(22,852)	68,169
Other	675	(2,919)
Total Post Employment Benefit Charged to Other Comprehensive Income and Expenditure	(29,132)	32,083
	2021/22	2020/21
	£'000	£'000
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post Employment Benefits in accordance with the Code	(13,047)	(8,272)
Employer's Contributions Payable to the Pension Scheme	4,107	5,925
Total	(8,940)	(2,347)

Pension Assets & Liabilities Recognised in the Balance Sheet	2021/22	2020/21
	£'000	£'000
Present value of the defined benefit obligation	(315,177)	(327,624)
Fair value of plan assets	250,191	242,446
Sub-total	(64,986)	(85,178)

Reconciliation of Present Value of Scheme Liabilities	2021/22	2020/21
	£'000	£'000
Liabilities as of the Beginning of the Period	(327,624)	(251,399)
Current Service Cost	(11,274)	(7,046)
Interest Cost	(6,597)	(5,791)
Contributions by Scheme Participants	(1,551)	(1,444)
Actuarial (Losses)/Gains	24,020	(69,341)
Losses on Curtailments		
Benefits Paid	7,849	7,397
Past Service Costs	0	0
Liabilities as at 31 March	(315,177)	(327,624)

Reconciliation of Fair Value of Scheme Assets	2021/22	2020/21
	£'000	£'000
Assets as of the Beginning of the Period	242,446	196,673
Expected Rate of Return	4,824	4,565
Actuarial Gains/(Losses)	5,112	37,258
Employer Contributions	4,107	9,903
Contributions by Scheme Participants	1,551	1,444
Benefits Paid	(7,849)	(7,397)
Closing Fair Value of Scheme Assets	250,191	242,446

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

Fair Value of Employer's Assets	2021/22	2020/21
	£'000	£'000

Quoted Prices in Active Markets

Equity Securities

Consumer	3,567	2,169
Manufacturing	1,184	1,914
Energy and Utilities	0	0
Financial Institutions	1,374	1,564
Health and Care	2,162	966
Information Technology	4,551	5,567
Other	0	217
Debt Securities	18,357	12,509

Investment Funds and Unit Trusts

Equities	91,962	112,316
Bonds	37,115	39,481

Notes to the Accounts

Other	2,113	2,260
<u>Cash and Cash Equivalents</u>		
All	14,639	6,873
Total of Assets with Prices Quoted in Active Markets	177,023	185,836
Quoted Prices not in Active Markets		
<u>Debt Securities</u>		
Other	6,555	5,874
<u>Private Equity</u>		
All	18,282	12,673
<u>Real Estate</u>		
UK Property	19,423	13,510
Overseas Property	14,007	11,251
<u>Investment Funds and Unit Trusts</u>		
Infrastructure	153	102
Other	14,878	13,296
<u>Derivatives</u>		
Foreign Exchange	(130)	(96)
Total of Assets with Prices Quoted not in Active Markets	73,168	56,610
Total Fair Value of Employers Assets	250,191	242,446

Basis for Estimating Asset and Liabilities

Liabilities have been assessed on an actuarial basis by Hymans Robertson LLP 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. Estimates for the fund were based on the latest full revaluation of the scheme as at 31 March 2019. The principal assumptions used are:

	2021/22	2020/21
Principal Assumptions	%	%
Rate of increase in salaries	3.6	3.3
Rate of increase in pensions	3.2	2
Rate of discounting scheme liabilities	2.7	2
Allowance for future retirees to elect to take additional tax-free cash up to HMRC limits pre April 2008 Service	50	50
Allowance for future retirees to elect to take additional tax-free cash up to HMRC limits post April 2008 Service	75	75

	2021/22	2020/21
Mortality Assumptions	Age	Age
Longevity at 65 for current pensioners		
Men	21.9	22.1
Women	24.4	24.5
Longevity at 65 for future pensioners		
Men	22.9	23.2
Women	26	26.2

Impact on the Council's Cash Flow

The liabilities show the underlying commitments the Council has to pay retirement benefits. The total liability of £64.986m has an impact on the net worth of the Council as recorded in the Balance Sheet.

However, statutory arrangements for funding the deficit mean the financial position of the Council remains healthy. The deficit on the LGPS will be funded by improved investment returns or increased contributions over the remaining working lives of employees, as assessed by the scheme's actuary. Funding levels are monitored annually, and the next triennial review is due to be based on 31 March 2022 data. Based on this review, the fund liability may go up or down. Sensitivity analysis is shown in note 4. The total value of contributions expected to by the Council in 2022/23 is £4.106m.

The weighted average duration of liabilities for scheme members is 18.0 years, based on the last triennial valuation of the fund as at 31 March 2019.

Pensions Reserve

The Pensions Reserve absorbs timing differences arising from the difference in accounting for and for funding benefits in accordance with statutory provisions. Post-employment benefits are accounted for in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns. Statutory arrangements require benefits earned, to be financed as the Council makes employer's contributions to pension funds, or eventually pays any pensions it is directly responsible for. The balance on the Pensions Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. Statutory arrangements ensure funding will have been set aside by the time the benefits come to be paid. The movements in the Pensions Reserve are:

	2021/22 £'000	2020/21 £'000
Surplus /(Deficit) as of Beginning of the Period	(89,156)	(54,726)
Actuarial Gains/(Losses) on Pension Assets and Liabilities	29,132	(32,083)
Reversal of Items Relating to Retirement Benefits Debited/Credited to the Surplus or Deficit on the Provision of Services in the CIES	(13,047)	(8,272)
Employer's Pension Contributions	6,090	5,925
Surplus/(Deficit) as of End of the Period	(66,981)	(89,156)

The council elected to make upfront secondary employer contributions for 2021/22 & 2022/23 amounting to £3.978m (£1.983m for 2021/22 and £1.995m for 2022/23) which has been adjusted for above.

Management of Pension Risks

Hertfordshire County Council, having taken appropriate professional advice, has taken steps to mitigate investment risk and to set an investment strategy appropriate for the Fund's liabilities. Key steps are:

1. Diversification – the Fund has adopted a strategy that is diversified by asset class, region, sector and investment manager.
2. De-risking plan – the Fund has now moved to a lower risk strategy that comprises 65% in “growth” assets and 35% in “defensive” assets. The Pension Fund also deployed an equity protection strategy in 2020 to protect the fund against large negative equity market movements (protection between -10% to -30%).
3. Monitoring – the Fund's investment arrangements are regularly monitored. The County Council receives independent reporting from the custodian and the Fund's investment Consultant and the Pensions Committee meets the investment managers on an ongoing basis.

Housing Revenue Account

Housing Revenue Account – Income & Expenditure Account

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than amount funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with legislation; this may differ from accounting cost. The increase or decrease in the year, on the basis upon which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

	2021/22 £'000	2020/21 £'000
Income		
Dwelling Rents (Gross)	(55,474)	(54,507)
Non Dwelling Rents (Gross)	(99)	(102)
Charges for Services & Facilities	(1,836)	256
Contributions towards Expenditure	(1,308)	(563)
Total Income	(58,717)	(54,916)
Expenditure		
Repairs and Maintenance	11,676	8,509
Supervision and Management	11,001	9,366
Rents, Rates, Taxes and Other Charges	185	174
Increase in Allowance for Bad and Doubtful Debts	375	320
Depreciation and Impairment of Non Current Assets	26,595	37,277
Total Expenditure	49,832	55,647
Net Expenditure/(Income) of HRA Services as Included in the Comprehensive Income & Expenditure Statement (CIES)	(8,884)	731
HRA Share of Corporate and Democratic Core	233	339
Other recharges to the HRA	4,665	3,923
Total recharge to HRA	4,898	4,262
HRA Share of Operating Income & Expenditure Included in the Comprehensive Income & Expenditure Account		
(Gain)/Loss on Disposal of Non-Current Assets	(4,330)	(5,663)
Interest and Investment Income	(47)	(77)
Interest Payments	11,389	11,486
Net Interest on the Net Defined Benefit Liability	382	278
Capital Grants and Contributions Received	(382)	(213)
(Surplus)/Deficit for the Year on HRA Services	3,026	10,803

Housing Revenue Account

Statement of Movement on the Housing Revenue Account

	2021/22 £'000	2020/21 £'000
Balance as at 1 April	2,892	2,892
Movement in Reserves:		
Surplus/(Deficit) on Provision of Services	(3,026)	(10,803)
Adjustments Between Accounting Basis & Funding Basis Under Regulations:		
Capital Grants and Contributions Applied	(382)	(213)
Reversal of Employee Leave Accrual	(49)	63
Reversal Revaluation & Impairment (Gains)/Losses on Property	11,065	21,659
Amounts of non-current assets written off on sale as part of the gain on disposal to the CIES	6,954	10,201
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	(11,283)	(15,864)
Revenue Contribution to Capital	(4,735)	(4,312)
Reserve Contributions to Capital	0	0
Debt Repayment Provision	(3,480)	(4,590)
Loan Repayment from Major Repairs Reserve	3,480	4,590
Reversal of retirement benefits items debited or credited to the CIES	2,812	(1,373)
Employer's Pension Contributions to Pension Fund Payable in the year	(1,335)	1,878
Total Adjustments Between Accounting Basis and Funding Basis Under Regulations	3,046	12,041
Net Increase/(Decrease) Before Transfers to Earmarked Reserves	20	(12,408)
Transfer (to)/from Earmarked Reserves	(20)	12,408
Balance as at 31 March	2,892	2,892

Notes to the Housing Revenue Account

1. Value of HRA Property, Plant and Equipment

	2021/22 £'000	2020/21 £'000
Council Dwellings	1,161,720	1,097,811
Other Land & Building	1,153	767
Vehicles, Plant, Furniture and Equipment and intangibles	185	133
Assets Under Construction	11,871	7,343
Net Book Value as at 31 March	1,174,929	1,106,054

Council dwellings had an existing use assuming vacant possession valuation of £3,082 million as at 31st March 2022. To comply with regulations, a regional adjustment factor of 38% was applied to the Council Dwelling valuation to reflect that housing is let at sub-market rents.

Housing Revenue Account

2. Number and type of dwellings

	31/03/2022	31/03/2021
Flats	3,792	3,810
Houses	6,276	6,312
Chiltern Hostel- equivalent	21	18
Total Dwellings	10,089	10,140

3. Rent Arrears

	2021/22 £'000	2020/21 £'000
Rent - Current Arrears	2,547	2,250
Rent - Former Arrears	488	620
Supporting People and Other	311	334
Total Arrears:	3,346	3,204
Provision for Bad and doubtful Debts	(2,027)	(1,996)
Total Rent Arrears:	1,319	1,208

4. Capital Financing

	2021/22 £'000	2020/21 £'000
Total Capital Expenditure	17,400	17,027
Financed by:		
Capital Receipts	(2,880)	(1,615)
Major Repairs Reserve	(7,446)	(10,887)
Contributions from Reserves	0	0
Capital Grants & Contributions	(2,340)	(213)
Revenue Contributions	(4,734)	(4,312)
Total Financing	(17,400)	(17,027)

5. Capital Receipts from the sale of HRA assets:

	2021/22 £'000	2020/21 £'000
Sale of Land And Freehold	0	0
Easement Granted- Deed of Release, Variation, Covenants	148	51
Sale of HRA Dwellings	11,116	16,102
Discount Repaid	19	19
Total Capital receipts	11,283	16,172

Housing Revenue Account

6. Depreciation and Impairment

Depreciation on council dwellings was charged on a straight-line basis over the life of the dwellings, which is estimated by the valuer to be 60 years.

	2021/22	2020/21
	£'000	£'000
Depreciation on Council Dwellings	15,520	15,606
Revaluation on Council Dwellings	(1,524)	10,723
Impairment	12,589	10,936
Depreciation on Vehicle, Plant and Equipment	29	20
Amortisation of Intangible Assets	0	1
Depreciation on Other Land and Building	8	8
Total Depreciation and Impairment	26,622	37,294

Collection Fund Income and Expenditure Account 2021/22

	Council Tax £'000	Business Rates £'000	Total £'000
Income:			
Council Tax Receivable	112,474	0	112,474
Business Rates Receivable	0	57,729	57,729
Council Tax Discounts funded by Dacorum	448	0	448
Total Income	112,922	57,729	170,650
Expenditure			
<u>Precepts, Demands and Shares</u>			
Hertfordshire County Council	86,317	6,732	93,049
Hertfordshire Police & Crime Commissioner	12,502	0	12,502
Dacorum Borough Council	13,405	26,929	40,334
Central Government (Business Rates Only)	0	33,661	33,661
<u>Charges to Collection Fund</u>			
Transitional Payment Protection	0	191	191
Costs of collection	0	202	202
Increase/(decrease) allowances for impairment	488	1,643	2,132
Increase/(decrease) provision for appeals	0	(1,498)	(1,498)
Enterprise Zone & Renewable Energy Growth	0	1,416	1,416
<u>Contribution towards previous year surplus/deficit</u>			
Hertfordshire County Council	50	(3,685)	(3,635)
Hertfordshire Police & Crime Commissioner	7	0	7
Dacorum Borough Council	8	(11,450)	(11,442)
Central Government (Business Rates Only)	0	(13,819)	(13,819)
Total Expenditure	112,777	40,322	153,099
Movement on fund balance	(145)	(17,406)	(17,551)
Balance at beginning of year	949	33,028	33,977
Balance at end of year	804	15,622	16,426
Shares of balance			
Hertfordshire County Council	618	1,562	2,181
Hertfordshire Police & Crime Commissioner	89	0	89
Dacorum Borough Council	96	6,249	6,345
Central Government (Business Rates Only)	0	7,811	7,811
	804	15,622	16,426

In addition, the Council has £12k in the Collection Fund Adjustment Account on the Balance Sheet relating to designated area growth and renewable energy.

Collection Fund Income and Expenditure Account 2020/21

	Council Tax £'000	Business Rates £'000	Total £'000
Income:			
Council Tax Receivable	106,631	0	106,631
Business Rates Receivable	0	42,116	42,116
Transfers from Dacorum Borough Council General Fund s31 (A) (c) discounts	481	0	481
Total Income	107,112	42,116	149,228
Expenditure			
<u>Precepts, Demands and Shares</u>			
Hertfordshire County Council	82,826	6,693	89,519
Hertfordshire Police & Crime Commissioner	11,596	0	11,596
Dacorum Borough Council	13,058	26,770	39,828
Central Government (Business Rates Only)	0	33,463	33,463
<u>Charges to Collection Fund</u>			
Transitional Payment Protection	0	282	282
Costs of collection	0	203	203
Increase/(decrease) allowances for impairment	657	1,253	1,910
Increase/(decrease) provision for appeals	0	2,353	2,353
Enterprise Zone & Renewable Energy Growth	0	1,497	1,497
<u>Contribution towards previous year surplus/deficit</u>			
Hertfordshire County Council	949	(456)	493
Hertfordshire Police & Crime Commissioner	131	0	131
Dacorum Borough Council	151	(1,239)	(1,088)
Central Government (Business Rates Only)	0	(1,461)	(1,461)
Total Expenditure	109,368	69,357	178,725
Movement on fund balance	2,256	27,241	29,497
Balance at beginning of year	(1,307)	5,787	4,480
Balance at end of year	949	33,028	33,977
Shares of balance			
Hertfordshire County Council	730	4,092	4,822
Hertfordshire Police & Crime Commissioner	106	0	106
Dacorum Borough Council	113	13,080	13,193
Central Government (Business Rates Only)	0	15,856	15,856
	949	33,028	33,977

In addition, the Council has £494k in the Collection Fund Adjustment Account on the Balance Sheet relating to designated area growth and renewable energy.

1. General

This account represents the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to Non-Domestic Rates, council tax and the distribution to the major preceptors and the General Fund.

2. Business Rates

Business Rates is a local tax paid by the occupiers of all non-domestic/business property.

The Council collects and calculates Business rates. The Government specifies an amount (2021/22: 49.9p for small businesses; 51.2p for other rateable businesses) and, subject to the effects of transitional arrangements, local businesses pay NNDR calculated by multiplying their rateable value by that amount. NNDR income was £57.7m in 2021/22 (£42.1m in 2020/21). The rateable value for the Council's area was £160.6m at 31 March 2022 (2020/21: £161.6m).

3. Council Tax

The Council tax base (i.e. the number of chargeable dwellings in each valuation band, adjusted for dwellings where discounts apply, converted to an equivalent number of Band D dwellings) for 2021/22 was calculated as 58,567.40 dwellings as follows:

Band	Estimated equivalent no. of taxable properties after effect of discounts	Ratio to Band D	Band D Equivalent Dwellings
A*	1.00	5/9	0.6
A	1,019.75	6/9	679.8
B	6,772.75	7/9	5,267.7
C	17,806.75	8/9	15,828.3
D	14,744.50	9/9	14,744.5
E	8,461.75	11/9	10,342.1
F	5,327.75	13/9	7,695.6
G	4,755.25	15/9	7,925.4
H	746.75	18/9	1,493.5
Totals	59,636.25		63,977.50
Council Tax Support			(4,929.5)
Adjustment for collection rate and contributions in lieu (0.6%)			(354.3)
Council Tax Base 2021/22			58,693.7
Council Tax Base 2020/21			58,567.4

A* = Disabled Band A

For this Statement of Accounts, the following definitions have been adopted:

Asset: An item having value measurable in monetary terms. A non-current asset has use and value for more than 1 year. Current assets (e.g. inventory or short-term debtors) are readily convertible into cash.

Budget: financial statement of an organisation's service delivery and capital programme plans.

Capital Programme: the capital schemes the Council intends to carry out over a specified time period.

Capital Receipt: proceeds from land/assets disposals, as long as £10,000 or more. Government rules set out what capital receipts can be used for-usually capital expenditure and specific revenue purposes.

Creditor: Amounts owed by the Council for works done, goods or services received before the end of the financial year but for which payments have not been made by the end of that financial year.

Debtor: Amounts due to the Council for works done, goods received or services rendered before the end of the financial year but for which payments have not been received by the end of that financial year.

Depreciation: the measure of the cost of the benefit of a non-current asset consumed during the period.

Financial Year: For Local Authorities this is the 1 April to 31 March.

Government Grants: Grants from central government to help with the cost of providing services and capital projects. Some have restrictions on how they may be used whilst others are general purpose.

Gross Expenditure: The total cost of Council's services before taking into account income from fees and charges and government grants.

Infrastructure Assets: Non-current assets with no prospect of sale or alternative use, e.g. footpaths, bridges and drainages systems.

Intangible Assets: Non-current assets without physical substance but identifiable and controlled by the authority though custom legal rights e.g. computer software.

Inventory: includes goods or other assets for resale and consumable stores.

Liability: arises when the Council owes money to others.

Materiality: one of the main accounting concepts. It ensures the statement of accounts includes all the transactions that, if omitted, would lead to a significant distortion of the financial position.

Precept: levy made by precepting authorities on billing authorities, e.g. Dacorum. Our precepting authorities are Hertfordshire County Council, Hertfordshire Police & Crime Commissioner and Parishes.

Rateable Value: The annual assumed rental value of a property used for business purposes.

Related Party: Two or more parties are related parties when at any time during the financial period:

- One party has direct or indirect control of the other party;
- The parties are subject to common control from the same source;
- One party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing its own interests; and
- The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own interests.

Related Party Transactions: transfer of assets, liabilities or services between the Council and its related parties.

Residual Value: the net realisable value of an asset at the end of its useful life.

Useful Life: The period over which an organisation will derive benefits from using an asset.

Date
Our Ref NH/21-22
Contact Nigel Howcutt
Email Nigel.Howcutt@dacorum.gov.uk
Direct Line 01442 228662



The Forum
Marlowes
Hemel Hempstead
Hertfordshire
HP1 1DN

Telephone 01442 228000
www.dacorum.gov.uk
D/deaf callers, Text Relay:
18001 + 01442 228000

Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG

Dear Sirs

Dacorum Borough Council
Financial Statements for the year ended 31 March 2022

This representation letter is provided in connection with the audit of the financial statements of Dacorum Borough Council for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.



- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the Council has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Council's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv. We have updated our going concern assessment. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :
 - a. the nature of the Council means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
 - b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements
- xv. We have considered whether accounting transactions have complied with the requirements of the Local Government Housing Act 1989 in respect of the Housing Revenue Account ring-fence.

- xvi. The Council has complied with all aspects of ring-fenced grants that could have a material effect on the Council's financial statements in the event of non-compliance.

Information Provided

- xvii. We have provided you with:
- a. access to all information of which we are aware that is relevant to the preparation of the Council's financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Council via remote arrangements from whom you determined it necessary to obtain audit evidence.
- xviii. We have communicated to you all deficiencies in internal control of which management is aware.
- xix. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xx. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xxi. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
- a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xxii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxiii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxiv. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.
- xxv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxvi. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxvii. The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the Council's financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Audit Committee at its meeting on 15th September 2022.

Yours faithfully

Name Nigel Howcutt

Position Chief Finance Officer (s151)

Date...15th September 2022.....

Name...Councillor Herbert Chapman

Position...Chair of Audit Committee

Date...15th September 2022.....

Signed on behalf of the Council

The Audit Findings for Dacorum Borough Council

Year ended 31 March 2022

September 2022

Page 113



Contents



Your key Grant Thornton team members are:

Paul Cuttle

Director

T 020 7728 2450

E paul.cuttle@uk.gt.com

Ajay Jha

Audit Manager

T 020 7865 2276

E ajay.k.jha@uk.gt.com

Section

1. Headlines
2. Financial statements
3. Value for money arrangements
4. Independence and ethics

Appendices

- A. Audit adjustments
- B. B. Fees

Page

- 3
- 5
- 16
- 17

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management and the Audit Committee.

Name : Paul Cuttle

For Grant Thornton UK LLP

Date : 06 September 2022

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Dacorum Borough Council ('the Council') and preparation of the Council's financial statements for the year ended 31 March 2022 for those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Council's financial statements give a true and fair view of the financial position of the Council and of the income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.
- We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and the Narrative Report) is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit work was completed on site/remotely during July-September. Our findings are summarised on pages 5 to 12. Audit adjustments are detailed in Appendix A. We have also raised recommendations for management as a result of our audit work in Appendix A.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters;

- receipt of management representation letter
- review of the final set of financial statements
- two bank confirmations
- 10 samples of NNDR income
- evidence of floor areas for OLB for our samples selected (our work over OLB is substantially complete)
- infrastructure assets following Cipfa revised guidance
- pension fund assurance letter from County auditors

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated audit report opinion will be unqualified.

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. We expect to issue our Auditor's Annual Report in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Currently we have no findings which indicate a significant weakness is present.

1. Headlines

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We have completed the majority of work under the Code. We expect to certify the completion of the audit upon the completion of our work on the Council's VFM arrangements.

Significant Matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- An evaluation of the Council's internal controls environment, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

We have substantially completed our audit of your financial statements. Subject to the finalisation of outstanding work (see page 3) we anticipate issuing an unqualified audit opinion.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff amidst the pressure they were under during these unprecedented times.

2. Financial Statements



Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

We have revised the materiality due to the actual gross expenditure changing from that at the planning stage resulting in a review of the appropriateness of the materiality figure.

We detail in the table below our determination of materiality for Dacorum Borough Council.

	Amount as per audit plan (£)	Amount during final audit (£)
Materiality for the financial statements	£3m	£2.9m
Performance materiality	£2.25m	£2.1m
Trivial matters	£0.15m	£0.145m



2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement. This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan

Commentary

The revenue cycle includes fraudulent transactions (rebutted)

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

Having considered the risk factors set out in ISA240 and nature of the revenue streams at Dacorum Borough Council, we have determined that the risk of fraud arising from revenue recognition on the remaining revenue streams can be rebutted, because:

- There is little incentive to manipulate revenue recognition
- Opportunities to manipulate revenue recognition are very limited
- The culture and ethical frameworks of local authorities, including Dacorum Borough Council, mean that all forms of fraud are seen as unacceptable.

Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:

- there is little incentive to manipulate revenue recognition;
- opportunities to manipulate revenue recognition are very limited;
- the culture and ethical frameworks of local authorities mean that all forms of fraud are seen as unacceptable.

Our audit work has not identified any issues to change our strategy towards revenue recognition.

Risk of fraud related to expenditure recognition PAF Practice Note 10

In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period).

Management could defer recognition of non-pay expenditure by under-accruing for expenses that have been incurred during the period but which were not paid until after the year-end or not record expenses accurately in order to improve the financial results.

To address this risk we:

- inspected transactions around the end of the financial year to assess whether they had been included in the correct accounting period;
- inspected a sample of accruals made at year end for expenditure not yet invoiced to assess whether the valuation of the accrual was consistent with the value billed after the year; and
- Investigated material manual journals posted as part of the year end accounts preparation and found no issues.

Our audit work has not identified any other issues in respect of this risk.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Management over-ride of controls

As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure recognition may be greater than the risk of fraud related to revenue recognition. There is a risk the Council may manipulate expenditure to budgets and set targets and we had regard to this when planning and performing our audit procedures.

Management could defer recognition of expenditure by under-accruing for expenses that have been incurred during the period but which were not paid until after the year-end or not record expenses accurately in order to improve the financial results.

Commentary

To address this risk we:

- inspected transactions around the end of the financial year to assess whether they had been included in the correct accounting period;
- inspected a sample of accruals made at year end for expenditure not yet invoiced to assess whether the valuation of the accrual was consistent with the value billed after the year; and
- Investigated manual journals posted as part of the year end accounts preparation that reduces expenditure and found no issues.

Our audit work has not identified any other issues in respect of this risk.

Valuation of net pensions liability

Your pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£85.2m in your balance sheet as at 31.03.2021) and the sensitivity of the estimate to changes in key assumptions.

We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.

To address this risk we:

- updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated, and evaluated the design of the associated controls;
- evaluated the instructions issued by management to the actuary as management's expert, and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary;
- assessed the accuracy and completeness of the information provided by the Council to the actuary;
- tested the consistency of the pension fund disclosures in the financial statements with the actuary's report;
- confirmed the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and
- we have yet to receive assurances from the auditor of Hertfordshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. Our work over pensions liability is therefore still in progress until this information is received.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Valuation of land and buildings(OLB) including investment properties and council dwellings

On 3 February 2022 CIPFA LASAAC launched a consultation on proposals for an update of the 2021/22 Code relating to the approach to measurement of operational property, plant and equipment. It is our understanding that the Council has responded to this consultation in favour of pausing the professional valuation for operational property, plant and equipment. Our assessment of this risk is made before any decision is taken regarding this proposal.

You revalue your investment properties and high value land & building (over £1m) to a full valuation, along with some of the L&B under £1m as part of the 5 year valuation programme.

The properties on the 5 year rota have a full valuation the year they come up for valuation, in all years they are considered as part of the market review.

HRA dwellings will receive a desktop valuation this year, the beacon properties last had a physical inspection for the 2019/20 accounts

This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in your financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used.

We therefore identify the valuation of land and buildings, particularly revaluations and impairments, as a significant risk. Should changes arise to the Code following the consultation we will consider whether this impacts on our assessment of this risk.

Commentary

To address this risk we;

- evaluated management's processes and assumptions for the calculation of the estimate, including the instructions issued to the Council's external valuer and the scope of their work;
- evaluated the competence, capabilities and objectivity of the external valuer;
- challenged the information and assumptions used by the valuer;
- confirmed from the valuer the basis on which the valuation was carried out;
- tested, on a sample basis, revaluations made during the year to ensure they had been input correctly into the Council's asset register;
- we have assessed for a sample of assets markets rates for comparable properties;
- evaluated how management concluded that the carrying value of assets not revalued was not materially misstated.

Our conclusions from this work are reported in the section "Financial statements – key judgements and estimates"

Our work over valuation of PPE identified a number of assets fully depreciated but still in operational use. The value of these assets were £2.2m. This means the depreciation charged to the accounts is understated, by £0.2427m. The impact on deprecation for the year is immaterial however it is above our triviality reporting levels and is classified as an audit difference. As the amount is immaterial to the financial statements no adjustment to the financial statements have been made by management.

The Council has valued its Council dwellings, and other and buildings including investment properties as at 31 January 2022. These values were then reviewed at year end to determine whether there were any changes in valuations between that date and the balance sheet date of 31 March 2022. The Council updated council dwellings to reflect the movement from 31 January 2022 to 31 March 2022 however other land and buildings and investment property were not adjusted as the movement between the dates was not considered material. We reviewed the Council's assessment and considered the valuation movements using publicly available information (land registry) plus data provided by our consulting valuer (Gerald Eve). We are satisfied the assessments made by the Council are appropriate.

At the time of issuing this report we are still waiting for some minor supporting evidence relating to testing of land and buildings but otherwise our work is substantially complete in this area.

2. Financial Statements - Other risks

Risks

Valuation of infrastructure assets and presentation of gross cost and accumulated depreciation in PPE note

Infrastructure assets include roads, highways, streetlighting and coastal assets. As at 31 March 2022, the net book value of infrastructure assets was £5.253m which is over our audit materiality.

In accordance with the LG code, infrastructure assets are measured using the historical cost basis, and carried as depreciated historical cost. With respect to the financial statements, there are two risks:

1. The risk that the value of infrastructure assets is materially misstated as a result of applying an inappropriate useful life (UEL) to components of infrastructure assets.
2. The risk that the presentation of PPE note is materially misstated insofar as the gross cost and the accumulated depreciation of infrastructure assets is overstated if management do not derecognise components of infrastructure assets when they are replaced.

We have reviewed the prior property, plant and equipment note and although there have been £1.25m additions to infrastructure over this year and the Council has not derecognised any infrastructure assets during this period.

We have not assessed the risk as significant given the balance relative to materiality but report our work here because Cipfa is considering possible amendments to the accounting code.

Commentary

To address this risk we:

- Reconciled the fixed assets register to the financial statements.
- Using our point estimate, considered the reasonableness of depreciation charge to infrastructure assets.

Our work in this area will not be concluded until Cipfa issue guidance confirming any changes to the accounting code.

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate

Summary of management's approach

Audit Comments

Assessment

Valuations of Land and Building, Investment property, Council dwellings

The Council has made a judgement that revaluation of its balance sheet assets every 5 years is sufficiently regular. Investment properties and high value PPE assets are valued yearly and Council Dwellings are also valued at least once a year. Land and buildings are valued on a 5 year cyclical valuation programme. The remaining assets not being valued yearly are not material. These are valued at Depreciated Replacement Cost (DRC). The valuations are based on the cost of a modern equivalent asset delivering the same service provision.

Council dwellings and Other Land and Buildings are disclosed at current value, based on professional valuations carried out in accordance with the Royal Institution of Chartered Surveyors Red Book. Investment Properties are valued at fair value.

All assets are assessed annually for evidence of impairment.

We considered and completed the following in the course of our testing:

- assessment of management's expert;
- completeness and accuracy of the underlying information used to determine the estimate and impact of any changes to valuation method;
- consistency of estimate against Gerard Eve report and adequacy of disclosure of estimate in the financial statements; **and**
- assessment of management's review of valuation movements between the valuation date of 31 January 2022 and the balance sheet date of 31 March 2022 and the decision to index or not index different types of assets.

At the time of issuing this report we are still waiting for some minor supporting evidence relating to testing of land and buildings but otherwise our work is complete in this area. Other than the audit immaterial difference relating to assets fully depreciated we have not identified any issues we wish to bring to your attention.



Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate

Summary of management's approach

Audit Comments

Assessment

Net pension liability –
LGPS £64.986m
(2019/20 £85.178)

The Council recognises and discloses the retirement benefit obligation in accordance with the measurement and presentational requirement of IAS 19 'Employee Benefits'.

At 31 March 2021 the Council has a pension liability of £315.177m (2020-21 £327.624m) relating to the Local Government Pension Scheme as administered by Hertfordshire County Council.

Dacorum Borough Council uses an external actuary Hymans Robertson to provide an actuarial valuation estimate of the Council's assets and liabilities deriving from these schemes. A full valuation is required every three years.

The latest full actuarial valuation was completed in 2018/19 for the LGPS. A roll forward approach is used in intervening periods. The valuations are based on key assumptions such as life expectancy, discount rates, salary growth and investment return. Given the significant value of the net pension fund liability small changes in assumptions can result in significant valuation movements

We engage an auditor's actuary to assess the work of management's actuary and the reasonableness of the approach used. The auditors' actuary has provided us with indicative ranges for assumptions, which we report below. The values used by management's actuary are consistent with the ranges specified by the auditor's expert.

Assumption	Actuary Value	PWC range	Assessment
Discount rate	2.7%	2.7% - 2.75%	●
Pension increase rate	3.2%	3.15 - 3.30%	●
Salary growth LGPS	3.6%	3.15 – 4.15%	●
Life expectancy – Males currently aged 45 LGPS	21.9	20.1 – 22.7	●
Future pensioners	22.9	21.4 – 24.3	
Life expectancy – Females currently aged 45 LGPS	24.4	22.9 - 24.9	●
Future pensioners	26.0	24.8 – 26.7	

●

Page 124

Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - other communication and responsibilities

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with management. We have not been made aware of any significant incidents in the period. No other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Council.
Confirmation requests from third parties	We seek external confirmations from relevant banks and financial institutions to support our review of the Council's yearend cash and investment balances. For one confirmation further inquiries were required and an amended confirmation was received. We have now received positive confirmation for all balances.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management was provided.
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statement and Narrative Report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Our work to date has not identified any inconsistencies. Subject to the completion of all outstanding work we plan to issue an unmodified opinion in this respect.</p>

2. Financial Statements - other communication and responsibilities

Issue	Commentary
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> - If the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, -- if we have applied any of our statutory powers or duties. <p>We have nothing to report on these matters.</p> <ul style="list-style-type: none"> - where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness. <p>Our detailed work on Value for Money is to be completed.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>Detailed work is not required as the Council does not exceed the threshold specified by NAO.</p>
Certification of the closure of the audit	<p>We intend to delay the certification of the closure of the 2021/22 audit, as detailed in our audit report, as our VFM work is not yet complete.</p>



2. Financial Statements - other communication and responsibilities



Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity’s ability to continue as a going concern” (ISA 570).

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> the use of the going concern basis of accounting is not a matter of significant focus of the auditor’s time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity’s services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council’s financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the Council and the environment in which it operates the Council’s financial reporting framework the Council’s system of internal control for identifying events or conditions relevant to going concern management’s going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified. management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

3. VFM - our procedures and conclusions

We have not yet completed our VFM work and so are not in a position to issue our Auditor's Annual Report. We expect to issue our Auditor's Annual Report within three months of the date of signing of the financial statements. This is in line with the deadline specified in the Auditor Guidance issued by the National Audit Office.

As part of our work we will consider whether there are any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have not identified any significant weaknesses from our initial planning work as reported in our Audit Plan.

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix B.

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified:

Service	Fees £	Threats identified	Safeguards
Audit related			
Certification of Housing Benefit Claim	19,500	Self-Interest (because this is a recurring fee) Self review (because GT provides audit services)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £19,500 in comparison to the total fee for the audit of £86,980 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. To mitigate against the self review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
Pooling Housing Capital Receipts Return	3,500	Self-Interest (because this is a recurring fee) Self review (because GT provides audit services)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £3,500 in comparison to the total fee for the audit of £86,980 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. To mitigate against the self review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.

Appendices

A. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2022.

Detail	Comprehensive Income and Expenditure Statement £m	Statement of Financial Position £m	Impact on total net expenditure £m
The former civic centre was revalued in year by Wilkes Head and Eve. Historically, this item has been on two lines of the Fixed Asset Register (FAR,) one line for land which was valued at £2.57m and one line for buildings which was valued at £3.45m (Total £6.02m). During the year the asset was revalued to £6.5m however this movement was processed through the buildings line on the FAR resulting in the previous land line of £2.57m being present in the FAR and thus PPE note in the accounts. Therefore, surplus assets and the revaluation reserve overstated were overstated by £2.58m.	£2.57	£2.57	£2.57
Overall impact	£2.57	£2.57	£2.57

Impact of unadjusted misstatements

All unadjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2022.

Detail	Comprehensive Income and Expenditure Statement £m	Statement of Financial Position £m	Impact on total net expenditure £m
Our work over valuation of PPE identified a number of assets that had been fully depreciated but still in use. The total value of these assets were £2.2m. this means that the depreciation charged to the accounts is understated, the total impact on depreciation for the year is immaterial however above our triviality levels and is worth £.2427m. The Council has not adjusted for this difference.	(£.2427)	(£.2427)	(£.2427)
Overall impact	(£.2427)	(£.2427)	(£.2427)

A. Audit Adjustments

Disclosure omission

Note 17 - Revenue Grant Income

Auditor noted during a reconciliation of the grant note to grant income in the CIES, that the revenue grant income note did not match. This was due to the "Other" line in the grant note including a number of grants where the council was acting as an agent rather than the principle. The note originally showed a balance of £15.004m however this included £11.684m where the council was acting as an agent, and £.15m for where the grant register was not updated, resulting in a total adjustment of £11.699m. The updated accounts show the correct figure of £3.305m in the "Other" line of note 17.

**Auditor
recommend
ations**

Adjusted?

We
recommend
this note is
amended to
reflect the
correct value

✓

Page 132

B. Fees

We set out below our fees charged for the audit.

Audit fees	Final 2020/21	Proposed 2021/22
Statutory Audit (excluding VAT)	£86,980	89,980*

Similar to 2020/21, the Council will receive a grant to support additional fees relating to new accounting standards and the change to the VFM audit. Dacorum's grant will be £29,116.

In the prior year the PSAA approved the distribution of surplus funds relating to 2020/21 to opted-in bodies. Dacorum's share of the surplus was £11,140. No announcement relating to 2021/22 has been made at the time of issuing this report.

Non-audit services undertaken for the Council are set out in the Independence and ethics section on page 16.

- The 2021/22 fee is broken down as follows:

	Amount
Scale fee published by PSAA	£58,880
Annual increases due to regulatory changes, enhanced audit procedures, revised ISAs since 2019/20	£7,500
Additional work on Value for Money (VfM) under new NAO code since 2020/21	21,100
Infrastructure assets	£2,500
Total audit fees (excluding VAT)	£89,980

Dacorum Borough Council

Summary Internal Controls Assurance (SICA) Report

Page 135

2022/23

September 2022

Agenda Item 8

Summary Internal Controls Assurance

Introduction

1. This summary internal controls assurance report provides the Audit Committee with an update on the emerging Governance, Risk and Internal Control related issues and the progress of our work at Dacorum Borough Council as at 2nd September 2022.

Audits completed since the last SICA report to the Audit Committee

2. The table below sets out details of audits finalised since the previous meeting of the Audit Committee.

Audits completed since previous SICA report

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM
2022/23 Insurances	Sustainable	July 2022	August 2022	August 2022	0	0	2	0
2022/23 Communications	Reasonable	August 2022	August 2022	September 2022	0	3	4	0

3. The Executive Summaries and the Management Action Plans for each of the finalised reviews are included at Appendix A. There are no issues arising from these findings which would require the annual Head of Audit Opinion to be qualified.

Progress against the 2022/23 Annual Plan

4. Our progress against the Annual Plan for 2022/23 is set out in Appendix B.

Changes to the Annual Plan 2022/23

5. There a number of areas where internal audit work is recommended to enable an unqualified Head of Audit Opinion to be provided for 2022/23. These are summarised below.

= *COVID assurance review work*

Review	Rationale
Governance Arrangements	This is a crucial area in order to be able to support that assurances are being received and evaluated fully in order to mitigate against risk and support the direction of the Council.
Business Continuity (incl Covid-19)	This is flagged as a high risk area on the risk evaluation and requires specific mitigation in order to provide day to day services.

Frauds/Irregularities

6. We have not been advised of any frauds or irregularities in the period since the last SICA report was issued.

Responsibility/Disclaimer

7. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Executive Summaries and Management Action Plans

The following Executive Summaries and Management Action Plans are included in this Appendix. Full copies of the reports are available to the Audit Committee on request. Where a review has a 'Limited' or 'No' Assurance assessment the full report has been presented to the Audit Committee and therefore is not included in this Appendix.

Review	Evaluation
2022/23 Insurances	Sustainable
2022/23 Communications	Reasonable

Insurances - Executive Summary

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Strategic Risk: Funding and income is not sufficient to deliver the Council's Corporate Objectives.

SCOPE

The review examined the Council's current insurance arrangements, to ensure that appropriate insurance cover is in place, and that processes are well defined and adhered to.

KEY STRATEGIC FINDINGS



The Council has a comprehensive suite of insurance policies in place covering all required insurable activities of the Council. These policies were last renewed in December 2021 after an extensive market testing exercise.



A sample review of amendments to the Motor Vehicle Policy noted a small number of delays in the Service notifying the Insurance Department of the required changes.



There is currently no routine reporting in relation to insurance related activity, some ad-hoc reporting has been undertaken, for instance a report was recently submitted to the Residents Board summarising Motor and Public Liability claims, however, there is no routine reporting of, for instance, claim volumes/values and the age of ongoing claims.

GOOD PRACTICE IDENTIFIED



The Council has Claims Procedures in place to support members of the Insurance Team in processing claims made against the Council. The Procedures set out the approach to be taken in respect of the different categories of claims and acknowledge that different approaches may need to be taken/necessitated due to the nature and complexity of a claim.



A sample review of open claims across all insurance categories, including some old outstanding items, established that there was ongoing work in each case. Claims had been recorded and processed correctly (allocated to the correct policy and claims handlers allocated) and there was evidence of ongoing work to resolve the claims and/or awaiting information to support the claim.

ACTION POINTS

Urgent	Important	Routine	Operational
0	0	2	0

Page 139

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	<p>A sample review of 15 amendments to the Motor Vehicle Policy noted that, in all cases, the details had been updated on the insurer's portal on a timely basis, once received by the Insurance Department.</p> <p>However, in 3 cases there were delays in the Service notifying the Insurance Department of the required changes (in 2 cases delays of two weeks and in 1 case a delay of 5 months).</p>	Service Areas be reminded of the requirement to notify the Insurance Department of any additional/removed vehicles in a timely manner.	3	<i>Recommendation accepted. A reminder will be sent to the relevant service as per the recommendation</i>	31/08/22	<i>Lead Officer, Risk and Insurance</i>
2	Delivery	There is currently no routine reporting in relation to insurance related activity. Some ad-hoc reporting has been undertaken, for instance a report was recently submitted to the Residents Board summarising Motor and Public Liability claims, however, there is no routine reporting of, for instance, claim volumes/values and the age of ongoing claims.	Reporting of insurance related activity, for example, number of ongoing claims, forecast uninsured values, time to resolve claims, be introduced.		<i>Recommendation accepted. An insurance activity reporting process will be developed and implemented.</i>	31/12/22	<i>Head of Financial Services</i>

Communications - Executive Summary

Page 141

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The delivery of an effective communication and engagement strategy is relevant across all of the Council's corporate priorities as set out in the Corporate Plan.

SCOPE

The review focused on Communications arrangements following the Leadership restructure; the strategy and policy for communications; roles and responsibilities as supported by Job Descriptions; awareness and training and monitoring and reporting of communications related activity.

KEY STRATEGIC FINDINGS



The Council has developed a comprehensive and clear strategy for communication and engagement. The strategy sets out the Council's vision for effective communication and links clearly to the Council's corporate priorities. It is important that the strategy is now formally reviewed and ratified by the Strategic Leadership Team (SLT) and rolled out across the organisation.



The strategy outlines actions in relation to delivering media training to Cabinet and SLT and the development of 'Working with Communications Guides' for both staff and members. Actions are scheduled in relation to both of these areas and it is important that these are now completed.



Performance reporting in relation to communication and engagement activity improved in the most recent report to the Finance and Resources Overview and Scrutiny Committee. However, this should be expanded further to include performance against the Annual Communications Programme to allow appropriate review and scrutiny to be undertaken.



Review of job descriptions in place for members of the Communications and Engagement Team established that, in some cases, these require update to reflect the new structure and roles and responsibilities.

GOOD PRACTICE IDENTIFIED



The Council has a clear and comprehensive structure in place for the Communications and Engagement Team ensuring that all communication related activity is contained within one focused team. The Head of Communication and Engagement is supported by two lead officers who are responsible for two distinct communication streams (Corporate Projects and Events and Digital Communication and Engagement).

ACTION POINTS

Urgent	Important	Routine	Operational
0	3	4	0

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	<p>Review of the Communications and Engagement Strategy 2022 – 2025 (the 'Strategy'), established that it is clear and comprehensive, clearly setting the Council's vision for Communications and Engagement and linking directly to the Council's Corporate Plan Priorities.</p> <p>At the time of this review, the Strategy had not been formally approved, however, this is scheduled for a Strategic Leadership Team (SLT) meeting in August 2022.</p>	The Strategy be submitted to the Strategic Leadership Team for formal review and approval as scheduled.	2	<i>The Communications and Engagement strategy will be formally approved by SLT on 31 August 2022.</i>	31/08/22	<i>Kelvin Soley, Head of Communications</i>
2	Directed	<p>The Strategy includes a 'Strategy Delivery Plan' (the 'Plan'), which lists four key actions, to support delivery of the Strategy. Two actions, Strategy Action Plan and Annual Communications Programme, are scheduled for delivery in Q1 2022/23.</p> <p>At the time of this review, the Plan was still being developed, although it was anticipated that this would be completed prior to the submission to the SLT in August 2022.</p>	The Strategy Action Plan, as set out in the Strategy Delivery Plan, be completed and submitted to SLT together with the overarching Strategy.	2	<p><i>The corresponding action plan has been developed, and has been shared with SLT ahead of the SLT meeting scheduled for 31 August 2022.</i></p> <p><i>A copy of the updated communications programme 2022-23 has been shared with SLT.</i></p>	31/08/22	<i>Kelvin Soley, Head of Communications</i>

Page 142

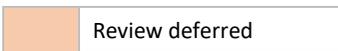
Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
5	Delivery	<p>Review of performance reports submitted to the Finance and Resources Overview and Scrutiny Committee, established that Communications related activity was included in the People, Transformation, Digital & ICT and Communications Performance report for Q4 2021/22.</p> <p>Prior to this there has been no reporting of Communications related activity.</p> <p>The Performance report contained a summary of activity for the quarter along with social media activity. It is important going forward that the report is expanded to include performance against the 'Annual Communications Programme' to allow appropriate review and scrutiny to be undertaken.</p>	The Performance reports, presented to the Finance and Resources Overview and Scrutiny Committee, be expanded to include progress/performance against the deliverables set out in the Annual Communications Programme.	2	<i>Performance reports for the Finance and Resources Overview and Scrutiny Committee will be reviewed for Q2 2022/23, to report against deliverables in the communications programme.</i>	30/09/22	<i>Kelvin Soley, Head of Communications</i>
6	Delivery	<p>A review of job descriptions for staff within the Communication and Engagement Team, established that whilst job descriptions were in place for all team members. However, these were not up to date.</p> <p>For example, the supervisory responsibilities were not in accordance with the new structure and there were instances where role responsibilities did not necessarily fit with the vision of the Communication and Engagement Strategy.</p>	Job descriptions be reviewed and aligned with the new Team structure and the Communication and Engagement Strategy.	3	<i>All job description in the service will be updated with the new corporate template and to reflect the change in line management and structure.</i>	30/09/22	<i>Kelvin Soley, Head of Communications</i>

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
7	Delivery	Discussions with the Head of Communication and Engagement, established that performance reviews had now been completed for all members of the team and that the training needs identified, were being compiled into an overall departmental training plan for rollout across 2022/23.	The departmental 2022/23 training plan be compiled rolled out for the year.	3	<i>A training grid has been compiled and subject to budget commitments will be rolled out by the end of September 2022.</i>	30/09/22	<i>Kelvin Soley, Head of Communications</i>
3	Directed	The Strategy states that media training will be delivered to the Cabinet/Senior team. Discussions with the Head of Communication and Engagement, established that media training has been paused pending the arrival of the Deputy Chief Executive and the Strategic Director of Corporate and Commercial, who will be joining the Council on 1st August 2022.	Media training be delivered to the Strategic Leadership Team and Cabinet, once the new Strategic Leadership Team is all in place.	3	<i>Training will now be booked following the permanent appointment of new SLT colleagues.</i>	30/09/22	<i>Kelvin Soley, Head of Communications</i>
4	Directed	The Strategy Delivery Plan includes the development of 'Working with Communications Guides', for staff and members. These are scheduled in the Strategy to be delivered in Q2 2022/23. Discussions with the Head of Communication and Engagement established that these are practical guides that will bring the strategy to life for both staff and members, and provide the required framework for working with communications.	The planned communication guides be developed and rolled out across the Council in line with the schedule set out in the Strategy.	3	<i>Following approval of the Communications Strategy on 31 August 2022, work will commence on the staff and members guides. This work is expected to be completed in month one of Q3 2022/23.</i>	31/10/22	<i>Kelvin Soley, Head of Communications</i>

Progress against Annual Plan

System	Planned Quarter	Current Status	Comments
Corporate H&S	1	Fieldwork completed	Revised draft issued in August 2022 – awaiting response
Communications	1	Fieldwork completed	Final issued September 2022
Housing Allocations & Homelessness	1	Fieldwork completed	Revised draft issued August 2022 – awaiting response
Insurances	1	Fieldwork completed	Final issued September 2022
Document Management Systems	2	Fieldwork completed	Draft in the process of being compiled
Payroll	2	Fieldwork completed	Draft issued September 2022
Housing Benefit	2	Fieldwork completed	Draft issued August 2022
Commercial Asset Management	2	Fieldwork completed	Draft in the process of being written
Key Financial Controls	3		Audit Brief issued 2 Sept 2022
Council Tax	3		Audit Brief issued 2 Sept 2022
NNDR	3		Audit Brief issued 2 Sept 2022
Planning	3		Audit Brief issued 2 Sept 2022
Housing Rents	3		Audit Brief issued 2 Sept 2022
Housing Repairs & Maintenance	2 (4)		Audit Brief issued 10 June 2022 - <i>S151 officer requested review to be moved to Q4</i>
Procurement/ Contract Management	4		
Empty Homes	4		
Governance & Risk Management	4		
Follow Up	3-4	Work in progress	August 2022 updates under review

KEY:

 To be commenced	 Site work commenced	 Draft report issued	 Final report issued	 Review deferred
---	---	--	---	---

MEETING DATE	DEADLINE TO MEMBER SUPPORT	STANDING ITEMS	ADDITIONAL ITEMS:
09/11/22	31/10/22	Apologies for absence Declarations of Interest Minutes Actions Public Participation External Audit Internal Audit Work Programme	
08/02/23	31/01/23	Apologies for absence Declarations of Interest Minutes Actions Public Participation External Audit Internal Audit Work Programme	
22/03/23	13/03/23	Apologies for absence Declarations of Interest Minutes Actions Public Participation External Audit Internal Audit Work Programme	