



AUDIT AGENDA

**WEDNESDAY 18 SEPTEMBER 2024 AT 7.30 PM
CONFERENCE ROOM 2 - THE FORUM**

Membership

Councillor Terry Douris
Councillor Graeme Elliot
Councillor Sadie Hobson

Councillor Paul Reynolds (Vice-Chairman)
Councillor Robert Stewart (Chair)

For further information, please contact Corporate and Democratic Support or 01442 228209

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 4 - 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 REGULATOR OF SOCIAL HOUSING INSPECTION & REGULATORY JUDGEMENT (Pages 6 - 14)

6 SUMMARY INTERNAL CONTROLS ASSURANCE (SICA) REPORT

Report to follow.

7 FINAL OUTTURN REPORT 2023/24 (Pages 15 - 28)

8 STATEMENT OF ACCOUNTS 2023/24 (Pages 29 - 114)

9 EXTERNAL AUDIT YEAR END REPORT (Pages 115 - 152)

10 TREASURY MANAGEMENT OUTTURN AND PERFORMANCE INDICATORS 2023/24 (Pages 153 - 158)

11 STRATEGIC RISK REGISTER UPDATE Q4 2023/24

Report to follow.

Agenda Item 3

DACORUM BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

24 JULY 2024

Present:

Councillors: Stewart (Chair)
Douris
Elliot
Reynolds (Vice-Chair)

Officers:

N Howcutt	Chief Finance Officer
M Kirk	Head of Health, Safety and Resilience
R Lang	Head of Safe Homes
J Mootealoo	Head of Environmental Services (attended remotely)
R Patel	Rent and Income Manager (attended remotely)
T Angel	Democratic Support Officer

Others: Philip Lazenby (TIAA)
Sofie Kockelbergh (KPMG) (attended remotely)

The meeting began at 7.30 pm.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Birnie and Councillor S Hobson.

F Jump, Head of Financial Services, also sent her apologies.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES AND ACTIONS

The minutes of the previous meeting were agreed by the members present and then signed by the Chair.

The action points from the previous meeting will be reviewed at the next meeting.

4. PUBLIC PARTICIPATION

There was no public participation.

5. STATEMENT OF INTERNAL CONTROL ASSURANCE (SICA) REPORT

P Lazenby provided the committee with a progress update against the annual internal audit plan.

Please refer to the video minutes for full discussion.

Outcome

The committee noted the final internal audit reports issued for following Council activities:

- HRA Health and Safety - Reasonable Assurance
- Waste Management - Reasonable Assurance
- Budgetary Control - Substantial Assurance
- Housing Rents - Substantial Assurance

The committee noted the content of the SICA and progress against the annual internal audit plan.

6. DRAFT INTERNAL AUDIT ANNUAL REPORT

P Lazenby introduced the draft internal audit annual report for 2023/24.

Please refer to the video minutes for full discussion.

Outcome

The committee noted the report.

7. STRATEGIC RISK UPDATE

N Howcutt introduced the report and provided the committee with a timetable for the refresh of the Councils strategic risks.

Please refer to the video minutes for full discussion.

Outcome

The committee noted the report.

8. WORK PROGRAMME

There were no amendments to the work programme.

The next meeting is scheduled for Wednesday 18 September 2024.

The meeting ended at 8.30 pm.



Report for:	Audit Committee
Title of report:	Regulator of Social Housing Inspection & Regulatory Judgement
Date:	20/08/2024
Report on behalf of:	Councillor Simy Dhayani, Portfolio Holder for Housing
Part:	I
If Part II, reason:	N/A
Appendices:	Appendix A Dacorum Regulatory Judgement - Final
Background papers:	None
Glossary of acronyms and any other abbreviations used in this report:	RSH – Regulator of Social Housing

Report Author / Responsible Officer

David Barrett, Assistant Director Strategic Housing & Delivery

Hannah Peacock, Head of Strategy, Quality & Assurance



Corporate Priorities	<p>A clean, safe and enjoyable environment</p> <p>Building strong and vibrant communities</p> <p>Ensuring economic growth and prosperity</p> <p>Providing good quality affordable homes, in particular for those most in need</p>
Wards affected	All
Purpose of the report:	<p>1. To report on the outcome of the recent RSH inspection of the Landlord Service, and subsequent regulatory judgement</p>

Recommendation (s) to the decision maker (s):	1. To acknowledge the RSH Inspection and the published regulatory judgement
Period for post policy/project review:	The Regulatory judgement will be in place for a maximum of 4 years, when the RSH will re-inspect. The RSH are introducing a mechanism for landlords to apply for re-inspection before the regular rolling 4 year inspection, however this has not been finalised or published to date.

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1 Introduction/Background:

Since their introduction in 2010, the government has had long-standing plans to increase what is known as consumer regulation in the social housing sector. This means the powers of the regulator to oversee the services provided to residents and intervene if they are not good enough.

On the 29 February 2024 the [Social Housing \(Regulation\) Act](#) –introduced a series of measures to ensure that tenants in social housing are listened to, live in good quality housing and have access to help when things go wrong. These include:

The Tenant Satisfaction Measures:

A set of performance KPI’s and an annual tenant perception survey, which will be published annually for all social housing providers. The first year’s performance will be published in autumn 2024, and will allow comparison between landlords.

Housing Consumer Standards:

A set of service standards for social housing landlords to demonstrate their compliance with. The regulator will use the reviewed consumer standards as the framework for rolling 4 yearly inspections on all social landlords over 10,000 units.

2. Regulator of social housing – Dacorum Housing Service Inspection

Dacorum Borough Council were among the first group of Local Authorities to be inspected by the Regulator during May 24. This had a clear focus on the TSMs as well as the broader consumer standards of:

1. The Safety and Quality Homes standard
2. The Transparency, Influence and Accountability standard
3. The Neighbourhood and Community standard
4. The Tenancy standard.

The inspection was made up of a desk top audit, based on information and data requests from the RSH, and 2 days visiting onsite, which was made up of interviews with staff, members and residents as well as observations of tenant engagement activity.

3. Outcome

The RSH has given Dacorum's social landlord service a C2. Their judgement is that there are some weaknesses in the landlord delivering the outcomes of the consumer standards and improvement is needed.

The full regulatory judgement is at appendix A – Dacorum Regulatory Judgement - Final

4. Next steps

The RSH has assigned a member of their team to work with the housing service, and support the delivery of an improvement plan to strengthen the weaknesses identified in the inspection.

5. Legal Implications

Compliance with the regulations outlined in the 2024 social housing (regulation) act is compulsory for social housing landlords,

6. Risk implications:

Failure to comply with the consumer standards and make sufficient improvements to the areas of weakness identified in the inspection, may result in regulatory notices.

7. Equalities, Community Impact and Human Rights:

There are no Equalities, Community Impact or Human Rights Implications arising from this report.

8. Sustainability implications (including climate change, health and wellbeing, community safety)

N/A

9. Council infrastructure (including Health and Safety, HR/OD, assets and other resources)

N/A

10. Conclusions:

A C2 rating is a strong and stable position for the housing service to continue to improve and work on strengthening the current weaknesses outlined by the RSH. Due to this being the first round of the new regulatory inspections, the RSH have widely shared that they expect the majority of local authority landlords to be awarded between C2-C4, as local authorities navigate the new regulatory landscape.

11. Recommendation

The regulator of social housing inspection & regulatory judgement are acknowledged and signed off by Audit Committee.



Dacorum Borough Council (26UC) Regulatory Judgement

14 August 2024

Our Judgement

	Current grade	Change	Date of assessment
Consumer	C2 Our judgement is that there are some weaknesses in the landlord delivering the outcomes of the consumer standards and improvement is needed.	First grading	August 2024

Reason for publication

We are publishing a regulatory judgement for Dacorum Borough Council (Dacorum BC) following an inspection completed in August 2024.

This regulatory judgement confirms a consumer grading of C2. This is the first time we have issued a consumer grade in relation to this landlord.

Summary of the decision

From the evidence and assurance gained during the inspection, we have concluded that there are some weaknesses in Dacorum BC delivering the outcomes of the consumer standards and improvement is needed, specifically in relation to outcomes in our Safety and Quality Standard and Transparency, Influence and Accountability

Standard. Based on this assessment, we have concluded a C2 grade for Dacorum BC.

How we reached our judgement

We carried out an inspection of Dacorum BC to assess how well Dacorum BC is delivering the outcomes of the consumer standards, as part of our planned regulatory inspection programme. During the inspection we considered all four of the consumer standards: Neighbourhood and Community Standard, Safety and Quality Standard, Tenancy Standard, and the Transparency, Influence and Accountability Standard.

During the inspection we observed a Housing and Community Overview and Scrutiny Committee meeting and a meeting of the Tenant and Leaseholder Committee. We also met with tenants, officers and councillors including the leader of Dacorum BC and the portfolio holder. We also reviewed a wide range of documents provided by Dacorum BC.

Our regulatory judgement is based on all the relevant information we obtained during the inspection as well as analysis of information received from Dacorum BC through routine regulatory returns and other regulatory engagement activity.

Summary of findings

Consumer – C2

August 2024

In relation to the Safety and Quality Standard, Dacorum BC provided assurance that it has appropriate systems in place to manage its health and safety responsibilities and to ensure the health and safety of its tenants in their homes and associated communal areas. Outcomes across all main areas of health and safety compliance are good, and performance is actively monitored by senior officers and councillors. The council has a planned approach to tackling damp and mould and is managing the risks associated with this work.

The Safety and Quality Standard also requires landlords to have an accurate record of the condition of its homes at an individual property level based on a physical assessment of all homes and ensure that homes meet the requirements of the Decent Home Standard. Dacorum BC has some gaps in its information, as more than 40% of property records are not up to date. We saw evidence that work is underway to address this issue, with a clear programme in place, and sufficient resource to carry out the necessary works. Dacorum BC has a number of homes that are failing to meet the Decent Homes Standard. We will continue to engage with Dacorum BC while it takes action to ensure that it has an accurate and up to date understanding of the condition of its homes.

Our inspection and engagement with Dacorum BC and its tenants demonstrated that action is needed to ensure the council is delivering an effective, efficient and timely repairs and maintenance service. Relatively low levels of satisfaction with repairs were identified and Dacorum BC recognises that it needs to improve this area of service. We saw evidence of Dacorum BC taking steps to address this weakness and evidence of the plans Dacorum BC has in place to improve tenant satisfaction. We will continue to engage with Dacorum BC in relation to its repairs service and will continue to seek assurance that it will embed change and deliver improved outcomes for tenants.

The Neighbourhood and Community Standard states that landlords must work in partnership with appropriate local authority departments, the police and other relevant organisations to deter and tackle anti-social behaviour and hate incidents in the neighbourhoods where they provide social housing. We saw evidence that Dacorum BC deals effectively with anti-social behaviour and hate incidents in line with its policy and procedures, with clear monitoring and oversight of cases. We saw examples of Dacorum BC working with relevant organisations to deter and tackle anti-social behaviour in the neighbourhoods where it provides homes.

In relation to the Tenancy Standard, we saw evidence that Dacorum BC has an allocations policy that offers tenancies or terms of occupation that are compatible with the purpose of its accommodation, the needs of individual households, the sustainability of the community, and the efficient use of its housing stock. Dacorum BC operates a choice based letting system and through the inspection we obtained assurance that Dacorum BC supports residents to sustain their tenancies.

The Transparency, Influence and Accountability Standard includes the requirement for landlords to provide information so tenants can use landlord services, understand what to expect from their landlord, and hold their landlord to account. It also requires landlords to ensure complaints are addressed fairly, effectively, and promptly. We saw evidence that Dacorum BC provides mechanisms for tenants to engage with it and scrutinise its performance. Evidence was also provided to demonstrate how tenant feedback is used in service planning. However, Dacorum BC needs to improve the information about the diverse needs of its tenants to better adapt and tailor its services to their individual needs to ensure its housing and landlord services deliver fair and equitable outcomes for tenants. Dacorum BC recognises that collection and analysis of this information is an area for improvement and is developing a new corporate platform to support this work. Additionally, Dacorum BC has commissioned external support to improve tenant involvement and scrutiny functions. This work is ongoing, and we will continue to monitor how the council is strengthening its approach to tenant engagement.

Dacorum BC provides a range of relevant and accessible information to tenants, including about its performance, but acknowledged this is an area in need of

continued improvement. Dacorum BC's approach to complaints handling is clear and in line with the requirements of the Transparency, Influence and Accountability Standard, but a further area for improvement for Dacorum BC is how it learns from complaints and uses these to improve services.

Background to the judgement

About the landlord

Dacorum BC owns and manages 10,124 homes, which is around 20% of all homes in the borough. Around 20% of Dacorum BC's homes are sheltered housing. Most homes are located within Hemel Hempstead, with around 2,500 in surrounding smaller towns and villages. Dacorum BC manages some services itself and outsources some other services. The largest areas of operation, asset management and repairs, are largely outsourced.

Our role and regulatory approach

We regulate for a viable, efficient, and well governed social housing sector able to deliver quality homes and services for current and future tenants.

We regulate at the landlord level to drive improvement in how landlords operate. By landlord we mean a registered provider of social housing. These can either be local authorities, or private registered providers (other organisations registered with us such as non-profit housing associations, co-operatives, or profit-making organisations).

We set standards which state outcomes that landlords must deliver. The outcomes of our standards include both the required outcomes and specific expectations we set. Where we find there are significant failures in landlords which we consider to be material to the landlord's delivery of those outcomes, we hold them to account. Ultimately this provides protection for tenants' homes and services and achieves better outcomes for current and future tenants. It also contributes to a sustainable sector which can attract strong investment.

We have a different role for regulating local authorities than for other landlords. This is because we have a narrower role for local authorities and the Governance and Financial Viability Standard, and Value for Money Standard do not apply. Further detail on which standards apply to different landlords can be found on our [standards page](#).

We assess the performance of landlords through inspections and by reviewing data that landlords are required to submit to us. In-Depth Assessments (IDAs) were one of our previous assessment processes, which are now replaced by our new inspections programme from 1 April 2024. We also respond where there is an issue or a potential issue that may be material to a landlord's delivery of the outcomes of

our standards. We publish regulatory judgements that describe our view of landlords' performance with our standards. We also publish grades for landlords with more than 1,000 social housing homes.

The Housing Ombudsman deals with individual complaints. When individual complaints are referred to us, we investigate if we consider that the issue may be material to a landlord's delivery of the outcomes of our standards.

For more information about our approach to regulation, please see [How we regulate.](#)



Audit Committee

Report for:	Audit Committee
Title of report:	Final Outturn 2023-24
Date:	18 th September 2024
Report on behalf of:	CLlr Michela Capozzi, Portfolio Holder for Corporate & Commercial Services
Part:	I
If Part II, reason:	N/A
Appendices:	Appendix A – General Fund Revenue Final Outturn 2023-24 Appendix B – Housing Revenue Account Final Outturn 2023-24 Appendix C – Capital Programme Final Outturn 2023-24 Appendix D- Reserves position as at 31 st March 2024
Background papers:	None.
Glossary of acronyms and any other abbreviations used in this report:	GF – General Fund HRA – Housing Revenue Account

Report Author / Responsible Author

Fiona Jump, Head of Financial Services



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

Corporate Priorities	<p>A clean, safe and enjoyable environment</p> <p>Building strong and vibrant communities</p> <p>Ensuring economic growth and prosperity</p> <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>
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Wards affected	All
Purpose of the report:	<ol style="list-style-type: none"> 1. To provide details of the Final Outturn 2023-24 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 2023-24 (Appendices A and B) and note the final financial outturn position for 2023-24. 2. That Committee review the Capital Programme Outturn for 2023-24 (Appendix C). 3. That Committee review the balances on earmarked reserves as at 31st March 2024 (Appendix D).

1 Introduction:

1.1 This report presents the final financial outturn position for the Council for 2023-24. Under the Council's Financial Regulations, Audit Committee have delegated powers to approve final movements to the Council's financial reserves following the external audit of the Council's accounts, should this be required. For 2023-24, there are no changes between the provisional and final outturn to report.

1.2 A provisional outturn position was presented to Cabinet on 23rd July 2024. The reported provisional outturn position included the following:

- General Fund (GF) revenue budgets: a surplus of £0.489m. Cabinet recommended to Council that this surplus be transferred to the Invest to Save reserve to fund future initiatives.
- Housing Revenue Account (HRA) revenue budgets: a final residual pressure of £0.294m at year end. Cabinet recommended to Council to fund this residual pressure from HRA reserves.
- The GF capital programme: further slippage of £2.183m and an underspend of £0.099m. The slippage is the combined position across a number of different schemes. These include a rolling programme of ICT hardware, works on Council owned properties and Disabled Facilities Grant payments. The underspend relates to move on- accommodation for rough sleepers at Aragon Close .
- The HRA capital programme: further slippage of £4.955m and an underspend of £0.223m. The slippage relates predominantly to planned expenditure on existing HRA properties. There is also accelerated spend against the Marchmont Fields as the project has progressed ahead of schedule.

1.3 This final outturn report for 2023-24 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 Year End Report to Audit Committee by the Council's external auditors.

1.4 The overall position for GF revenue, HRA revenue, GF capital and HRA capital are unchanged from the position reported to Cabinet at provisional outturn. The final outturn report includes the impact of the

reserve movements recommended by Cabinet to Council in order to balance the position on GF and HRA revenue as part of the provisional outturn report.

2 General Fund Revenue Outturn

2.1 Appendix A provides an overview of the General Fund final outturn position. This is also summarised in the table below. Note, under local authority financial reporting conventions, negative figures (also denoted in brackets) represent income or a surplus, whilst positive figures represent expenditure or a budget pressure/deficit.

Table 1- General Fund Provisional Outturn 2023-24	Current Budget £m	Forecast Outturn £m	Variance	
			£m	%
Finance & Resources	14.369	15.869	1.500	10.4%
Housing and Community	1.184	1.086	(0.098)	(8.3%)
Strategic Planning and Environment	11.259	10.793	(0.466)	(4.1%)
Net Cost of Services	26.812	27.748	0.936	3.5%
Investment Property	(4.314)	(4.289)	0.025	(0.6%)
Other Core Funding items including recharge to the HRA	(24.904)	(31.638)	(6.734)	27.0%
Contribution To/ (From) Earmarked Reserves	2.406	8.179	5.773	239.9%
(Surplus)/ Deficit	0.000	0.000	0.000	

2.2 Key variances (greater than £0.100m) are summarised below. These were reported to Cabinet as part of provisional outturn. Some overspends contained within the deficit position against 'Net cost of services' have been funded by additional draw-downs from revenue reserves during 2023-24, following Full Council approval in year. These additional reserve draw-downs are reflected in the 'overspend' shown against 'Contribution To/ (From) Earmarked Reserves'. The 'overspend' indicates that more funding was transferred to reserves that originally budgeted for.

2.3 Finance and Resources

Income from the Leisure centre contracts generated a surplus of £0.090m for 2023-24. The surplus was transferred to a leisure reserve to ensure that any pressures relating to Leisure Services can be met over the medium term.

There is a pressure of £0.385m in respect of targets previously established in relation to commercial business cases undertaken in 2022-23. These commercial income targets were reviewed after the completion of business cases as part of the 2024-25 budget setting process, and budgets adjusted accordingly. The Council's Commercial Strategy supports development of a stronger commercial culture and ethos in Council service delivery. Further improvements to net income will be analysed through an ongoing programme to review the Council's commercial income streams, and deliverables established.

External Audit fees for 2023-24 have increased following the introduction of a new charging regime overseen by Public Sector Audit Appointments (PSAA), the body responsible for appointing the Council's

external auditors. These increases are part of a suite of measures to address the backlog in Local Authority audit by providing external audit firms with appropriate financial resources to deliver on their local authority contracts. These costs represent a pressure of £0.213m. Growth in the budget for external audit fees has been incorporated into 2024-25 budgets.

2.4 Strategic Planning and Environment

There are staffing pressures for Waste services due to additional agency requirements to meet service demand £0.606m. A significant element of this staffing pressure was as a result of the in-year route optimisation project commencing later than expected, in August 2023. In addition, staff absence remained higher than previous trends and higher than budgeted. The pressure in 2023-24 is a significant reduction on 2022-23 financial pressures following the implementation of the route optimisation project and further cost reductions are expected going forward.

Maintenance of trees on highways has been contracted to Dacorum for a number of years by Hertfordshire County Council. This agreement has now ceased; however, a large number of works required completion for which the Council will receive no further income. This has generated a pressure of £0.111m on the budgets within this area. In addition, the service are working on a backlog of safety works required to trees around the borough. A significant amount of works were undertaken in quarter 4 2023-24 as the service sought to maximise contractor capacity during a time of the year that is optimum for undertaking tree maintenance. This caused a pressure of £0.102m for the General Fund.

Throughout 2023-24 the planning service has seen income pressures for planning income. There is a pressure of £0.282m against planning income and £0.090m against land searches fees. The pressures are linked to the impact of the current economic conditions on developers and the associated adverse impact on planning income.

There was additional income over budget relating to the Old Town Hall theatre £0.101m.

A surplus of £0.821m on Garden Waste income is reported. Take up of the scheme is much higher than anticipated when the charge was introduced at the end of 2022-23. The budget set was based on a 30% uptake. By the end of 2023-24, a 70% uptake of the service was achieved across the borough for all eligible households.

2.5 Housing and Community

Demand for Temporary Accommodation has increased in 2023-24, leading to an increase in costs of placing residents in hotels. This is a statutory duty of the Council, the increase in costs being driven by the rising number of referrals to temporary accommodation. The increased demand has led to increased repairs and maintenance to our temporary accommodation at a pressure of £0.200m and also an increase in utility costs of £0.048m. Due to the high number of referrals, Temporary Accommodation have seen high occupancy rate in their hostels. This has meant the Council has received £0.366m more income than budgeted for, that offsets these pressures.

2.6 Core Funding

Core Funding covers key corporate funding income and expenditure and includes General Fund investment income, government grants and income from Council Tax and Business rates.

Cash balances and interest rates remain higher than expected generating an additional £3.415m. This is linked to slippage on the Council's capital programme leading to an increased level of cash balances for investment.

Further government grants to those originally budgeted, creating an overall surplus of £5.215m against government grants. The additional grant funding includes grant received relating to business rates relief awarded to local organisations.

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.

3.2 The HRA is reporting a balanced final outturn position for 2023-24 following a net drawn down from HRA reserves. This is shown in Appendix B and table 3 below.

Table 3 Housing Revenue Account	Current Budget £m	Forecast Outturn £m	Variance £m
Income	-63.923	-68.110	-4.187
Expenditure	63.758	68.239	4.481
Surplus/ deficit prior to reserve movements	-0.165	0.129	0.294
Reserve movements	0.165	-0.129	-0.294
Net Deficit / Surplus	0.000	0.000	0.000

3.3 Dwelling Rents - £0.942m additional income over budget.

Dwelling rent has a surplus due to occupancy and voids rates. The budget is based on occupation at budget setting. When a tenancy changes, the new tenant is charged rent based on the target weekly rent for the property which is often higher than that charged to the previous tenant. Given the number of void relets in 2023-24, this has increased the rental income for the service.

3.4 Charges or Services and Facilities - £0.793m additional income over budget.

The position includes a one -off release of £0.650m from a provision held by the HRA following review of the balance held.

3.5 Interest and Investment Income - £1.775m additional income over budget

Cash balances remain higher than budgeted, as capital HRA spend was 30% behind budget. This has the effect of increased cash balances, resulting in increased returns on cash investments , additional income of £1.775m for the HRA.

3.6 Contribution towards Expenditure - £0.683m over achievement in income

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

3.7 Repairs and Maintenance- £5.449m pressure

Continuing from 2022-23, there has been a continued high demand for repairs and maintenance for housing along with inflationary increases to the works undertaken. The main demand and pressures are from Responsive Repairs and Empty Homes as shown in the table below.

Offsetting this increased pressure is a gain share from the main housing repairs contract. This is £0.464m for 2023-24. The gain share is not budgeted within the HRA budgets. The gain share has the effect of reducing the pressures on HRA repairs and maintenance costs.

3.8 Supervision and Management and Recharges- £1.999m pressure against budget

There is a pressure of £0.351m on employee budget due to interim management within the HRA as work continues on the Housing Transformation Improvement Programme (HTIP) and agency staff cover vacancies across the service.

The pay award caused a pressure of £0.150m across the HRA.

Utility costs for sheltered housing caused pressure of £0.311m. These costs will be accounted for in the calculation of the service charges for tenants in future years.

There is a pressure of £0.625m in respect of insurance costs relating to increased claims in respect of damp and mould.

3.9 Other Expenditure (Rent, Rates and Taxes, Provision for Bad Debt)- £0.340m underspend

Whilst tenants have needed the support of the service during the year to help manage their position with respect to rent and other amounts due to the Council, the budgeted allocation to top up the bad debt provision has not been required in full.

4 Housing Revenue Account- Technical and Accounting Adjustments

4.1 In addition to the service-related variances above, the technical adjustments have arisen during the year.

4.2 Revenue Contribution to Capital - £2.538m under budget

Given the pressures and demands on the HRA budgets, the budgeted revenue contribution to capital for 2023-24 has been redirected to support revenue expenditure. This contribution was reviewed as part of 2024-25 budget setting. A reduction in allocation to capital reserves means other capital financing options must be used. This can increase future borrowing requirements and associated future cost of capital.

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 current budget is the original budget approved by Cabinet in February 2023, plus approved amendments.

The 'rephasing' column refers to those projects where expenditure is still expected to be incurred, but it will now be in 2024-25 rather than 2023-24, or conversely, where expenditure planned initially for 2024-25 has been incurred in 2023-24.

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

Table 4- Final Outturn 2023-24	Current Budget £000	Re-phasing (To)/from future years £000	Revised Budget £000	Forecast Outturn £000	Variance	
					£000	%
Finance and Resources	3.661	(1.676)	1.985	1.915	(0.070)	(1.91%)
Strategic Planning and Environment	1.490	(0.207)	1.283	1.351	0.068	4.58%
Housing & Community	4.517	(0.300)	4.218	4.120	(0.097)	(2.15%)
GF Total	9.668	(2.183)	7.485	7.387	(0.099)	(1.02%)
HRA Total	59.432	(4.955)	54.477	54.254	(0.223)	(0.38%)
Grand Total	69.100	(7.138)	61.963	61.641	(0.322)	(0.47%)

5.2 General Fund Capital Programme Major Variances

General Fund capital budgets are reporting and underspend of £0.99m relating to move- on accommodation at Aragon close. General Fund budgets are also reporting slippage of £2.183m. The slippage includes the following items over £0.100m:

- Rolling Programme – Hardware £0.548m. The tendering of the procurement is due to complete, and the rollout of new equipment is expected to commence in July 2024
- Future vision of Customer Relationship Management system £0.132m – delays in recruitment has meant the project has been slightly delayed. Recruitment was undertaken at the end of 2023/24 and the project is expected to progress during 2024/25.
- Bennettsgate - Window Renewal £0.162m. Works commenced September 2023 and are expected to be completed by the end of quarter 1 on 2024/25.
- Bellgate Canopy Renewal – Highfield £0.110m. Phase 2 of the works have been delayed due to roof leaks which are due to complete. It is anticipated that these works will commence in June 2024.
- Electric Vehicle Charging Point Programme £0.201m – The project has commenced with a number of charging points installed across the Borough and further sites having commenced. The programme will complete in 2024/25.
- Disabled Facilities Grant £0.236m – applications for DFG are continuing with further spend in 2024/25.

5.3 Housing Revenue Account Major Variances

Following a review of the forecasts and project progression for HRA capital budgets further slippage of £5.595m in respect of planned expenditure to existing HRA properties and accelerated spend of £0.643m) in respect of new housing developments.

Slippage in respect of existing HRA properties is a result of capacity of Council contractors, mobilisation issues for decant homes programme, asbestos surveys being required and a high percentage of access refusal. In addition, a project in respect of the roof at Pelham Court has been delayed due to procurement and working with telecommunications providers in respect of equipment on the roof.

Slippage in respect of Right to Buy buy- backs equates to £0.532m due to assessment of properties, meaning that suitable properties that benefit Dacorum have not been identified.

Housing Development sites have had budget bought forward at the end of the year due to progress being further ahead in respect of Marchmont Fields site.

An underspend of £0.223m is reported for the HRA, this is as a result of the gainshare agreement with the main contractor.

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 2023-24.

11 Conclusions

11.1 At final outturn 2023-24, there is a balanced position against Council General Fund and Housing Revenue Account budgets following proposed movements to and from General Fund and HRA revenue reserves. There are no changes to the final position from that presented to cabinet as part of the provisional outturn report.

11.2 At final outturn 2023-24, General Fund capital budgets are reporting slippage of £2.183m and an underspend of £0.099m. Against Housing Revenue Account capital schemes, there is slippage of £4.955 and an underspend of £0.223m.

Dacorum Borough Council General Fund Final Outturn 2023/24	Budget £000	Actuals £000	Variance £000
Finance and Resources	14,369	15,869	1,500
Housing and Community	1,184	1,086	(97)
Strategic Planning and Environment	11,259	10,793	(467)
Net Cost of Services	26,812	27,748	936
Investment Property	(4,314)	(4,289)	25
Interest on Investment Income, Interest Payable and Minimum Revenue Provision	(15)	(3,713)	(3,698)
Parish Precept Payments	1,234	1,234	0
Government Grants	(1,693)	(6,908)	(5,215)
Council Tax	(14,574)	(14,625)	(51)
Business Rates	(4,178)	(1,870)	2,308
Net (Income)/ Cost- Other Items	(23,540)	(30,172)	(6,632)
(Surplus)/ Deficit on Provision of Services	3,272	(2,424)	(5,696)
Net Recharge to the HRA	(5,678)	(5,755)	(77)
Contribution To / (From) Earmarked Reserves	2,406	8,179	5,773
Net Movement on General Fund Working Balance	(0)	(0)	0

Dacorum Borough Council Housing Revenue Account Final Outturn 2023/24	Budget £000	Actuals £000	Variance £000
Dwelling Rents	(61,118)	(62,060)	(942)
Non Dwelling Rents	(104)	(98)	6
Charges for Services and Facilities	(1,844)	(2,637)	(793)
Interest on Investment Income	(210)	(1,985)	(1,775)
Contributions towards expenditure	(647)	(1,330)	(683)
Total Income	(63,923)	(68,110)	(4,187)
Repairs and Maintenance	14,553	20,002	5,449
Supervision and Management	13,930	15,096	1,166
Recharges	4,922	5,755	833
Depreciation	15,620	15,532	(88)
Revenue Contribution to Capital	2,538	0	(2,538)
Interest Payable	11,267	11,266	(1)
Other Expenditure	928	588	(340)
Total Expenditure	63,758	68,239	4,481
(Surplus)/ Deficit prior to reserve movements	(165)	129	294
Contribution To / (From) Reserves	165	(129)	(294)
HRA Deficit / (Surplus)	0	0	0
Working Balance Brought Forward	(2,894)	(2,894)	0
Transfer from revenue	(165)	(165)	0
Working Balance Carried Forward	(3,059)	(3,059)	0

CAPITAL PROGRAMME MONITORING BY SCRUTINY COMMITTEE FOR MARCH 2024

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										
Chief Finance Officer (S151)										
51 Commercially Sensitive Projects	4,002,000	0	0	(4,002,000)	(4,002,000)	0	0	0	0	0
	4,002,000	0	0	(4,002,000)	(4,002,000)	0	0	0	0	0
Head of Digital										
56 Automation Programme	85,000	85,000	0	(170,000)	(170,000)	0	0	0	0	0
57 Civica Customer Experience Software (Flare replacement)	50,000	100,000	0	(150,000)	(150,000)	0	0	0	0	0
58 Rolling Programme - Hardware	675,000	30,101	0	(82,101)	(82,101)	623,000	74,010	74,010	(548,990)	0
59 Software Licences - Right of Use	40,000	33,417	0	(50,124)	(50,124)	23,293	23,293	23,293	0	0
60 Future vision of CRM	590,000	193,375	0	(553,877)	(553,877)	229,498	97,778	97,778	(131,720)	0
	1,440,000	441,893	0	(1,006,102)	(1,006,102)	875,791	195,082	195,082	(680,710)	1
Head of Environmental Protection										
64 Health and Safety software system	0	40,000	0	(40,000)	(40,000)	0	0	0	0	0
65 Air Quality Monitoring	40,000	0	0	0	0	40,000	28,845	28,845	(11,155)	0
	40,000	40,000	0	(40,000)	(40,000)	40,000	28,845	28,845	(11,155)	0
Head of Property Services										
69 Public Conveniences Renovation Programme	20,000	0	0	0	0	20,000	0	0	(12,260)	(7,740)
70 Service Lease Domestic Properties	30,000	8,118	0	(25,000)	(25,000)	13,118	0	0	(13,118)	0
71 Old Town Hall - Cafe Roof and stonework renewal	0	60,000	0	0	0	60,000	24,420	24,420	0	(35,580)
72 Piccotts End Retaining Wall Rebuild	0	35,000	0	0	0	35,000	41,840	41,840	0	6,840
73 Victoria Hall Lift replacement	45,000	0	0	0	0	45,000	34,714	34,714	0	(10,286)
74 Community Buildings Fire Exits	30,000	0	0	0	0	30,000	31,259	31,259	0	1,259
75 Adeyfield Community Centre Structural Improvements	0	37,000	0	0	0	37,000	0	0	(37,000)	0
76 Boiler Replacement Programme	22,000	0	0	0	0	22,000	13,048	13,048	(8,952)	(0)
77 External Refurb - Woodhall Farm Community Centre	0	12,980	0	0	0	12,980	12,980	12,980	0	0
78 Tring Community Centre - Gutters and Facias	20,000	0	0	0	0	20,000	18,852	18,852	0	(1,148)
79 Rossgate Shopping Centre - Structural Works	0	315,281	0	(250,000)	(250,000)	65,281	0	0	(65,281)	0
80 Bennettsgate Shopping Centre - External Render	15,000	0	0	0	0	15,000	15,000	15,000	0	0
81 Roof Replacement Programme - Individual Assets To Be Identified At A Late	200,000	0	0	(200,000)	(200,000)	0	0	0	0	0
82 Commercial Properties - Renew Obsolete Door Entry Controls	20,000	1,723	0	0	0	21,723	17,348	17,348	0	(4,375)
83 100 High St (Old Town), Hemel - Window Replacement	0	14,000	0	(14,000)	(14,000)	0	0	0	0	0
84 Long Chaulden Roof	0	55,020	0	(55,020)	(55,020)	0	0	0	0	0
85 Bellgate - Walkway Renovation	0	12,100	0	0	0	12,100	12,100	12,100	0	0
86 Bennettsgate - Window Renewal	210,000	74,780	0	0	0	284,780	123,232	123,232	(161,548)	0
87 Queens Square Canopy Renewal	0	40,072	0	0	0	40,072	36,997	36,997	0	(3,075)
88 Void Commercial Property Refurbishment	70,000	22,508	0	(30,000)	(30,000)	62,508	26,106	26,106	(36,402)	0
89 Bennettsgate - Structural Concrete Improvements & Façade Renewal	0	51,712	0	0	0	51,712	51,712	51,712	0	0
90 Bellgate - Concrete Renewal & Refurbishment	0	14,300	0	0	0	14,300	16,077	16,077	0	1,777
91 Village Centre - Soffits & Facias	0	3,950	0	0	0	3,950	0	0	0	(3,950)
92 9 High Street Tring, Electrical Works	0	4,293	0	0	0	4,293	0	0	0	(4,293)
93 Broadwater Road Resurfacing	0	93,000	0	(93,000)	(93,000)	0	0	0	0	0
94 Damp proofing improvements to commercial properties	30,000	30,000	0	(40,000)	(40,000)	20,000	18,956	18,956	(1,044)	0
95 Kings Langley Charter Court - Separate Meter Supply	0	20,000	0	0	0	20,000	0	0	0	(20,000)
96 48-52 High Street - Fire Alarm System Renewal	15,000	0	0	(7,500)	(7,500)	7,500	6,138	6,138	(1,362)	(0)
97 Bellgate Canopy Renewal - Highfield	0	200,000	0	(80,000)	(80,000)	120,000	8,660	8,660	(109,563)	(1,777)
98 Rossgate Terrace Walkway Waterproofing	0	30,000	0	0	0	30,000	19,950	19,950	(10,050)	0

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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)
99 Fire Alarm Upgrades	20,000	0	0	14,295	14,295	34,295	31,357	31,357	(2,938)	(0)
100 Dacorum Heritage Trust Storage Building-	80,000	0	0	(40,000)	(40,000)	40,000	10,318	10,318	(29,682)	0
101 Hyde Meadow Commercial Unit structural works	35,000	0	0	0	0	35,000	33,516	33,516	0	(1,484)
102 Silk Mill Shops - Concrete works	25,000	0	0	(25,000)	(25,000)	0	0	0	0	0
103 Public Conveniences - Improvement Programme	0	15,502	0	0	0	15,502	23,242	23,242	0	7,740
	887,000	1,151,339	0	(845,225)	(845,225)	1,193,114	627,821	627,822	(489,200)	(76,092)
Head of Commercial Development										
107 Multi Functional Devices	0	90,000	0	(90,000)	(90,000)	0	0	0	0	0
108 EVCP Programme	0	0	415,000		415,000	415,000	214,218	214,218	(200,782)	(0)
	0	90,000	415,000	(90,000)	325,000	415,000	214,218	214,218	(200,782)	(0)
Head of Neighbourhood Management										
116 Car Park Refurbishment	0	135,000	0	(135,000)	(135,000)	0	0	0	0	0
117 Water Gardens North Car Park Drainage Improvements	0	35,000	0	(35,000)	(35,000)	0	0	0	0	0
118 Tring Cemetery Access Road	40,000	0	0	0	0	40,000	0	0	(40,000)	0
	40,000	170,000	0	(170,000)	(170,000)	40,000	0	0	(40,000)	0
Head of Investment and Delivery										
122 Creation of new Community Facility and Foodbank at The Hub (Dens)	1,875,000	625,000	0	(2,500,000)	(2,500,000)	0	0	0	0	0
123 Hemel Hempstead Sports Centre - Astro turf renewal	300,000	280,000	0	(530,000)	(530,000)	50,000	14,910	14,910	(35,090)	0
124 Berkhamsted Leisure Centre Redevelopment	0	13,850,356	0	(13,850,356)	(13,850,356)	0	0	0	0	0
	2,175,000	14,755,356	0	(16,880,356)	(16,880,356)	50,000	14,910	14,910	(35,090)	0
Head of Communities and Leisure										
128 Berkhamsted Sports Centre - Building Management System	0	0	22,000		22,000	22,000	0	0	(22,000)	0
129 Berkhamsted Leisure Centre Improvements Works	0	0	70,000		70,000	70,000	0	0	(70,000)	0
130 Leisure Centre - Fire Door Improvements	0	0	0		0	0	13,491	13,491	0	13,491
131 Berkhamsted Leisure Centre Upgrade Works	15,000	0	0	0	0	15,000	17,960	17,960	0	2,960
132 Hemel Hempstead Sports Centre - Plant Room Upgrade	147,000	0	0	0	0	147,000	147,010	147,010	0	10
133 Hemel Hempstead Sports Centre - Basketball Hoop Replacement	26,000	(21,274)	0	0	0	4,726	8,614	8,614	0	3,888
134 Improvements to leisure courts	0	0	134,000		134,000	134,000	119,914	119,914	0	(14,086)
135 Jarman Park Improvements	0	0	102,000		102,000	102,000	50,688	50,688	(51,312)	0
	188,000	(21,274)	328,000	0	328,000	494,726	357,676	357,677	(143,312)	6,263
SD Place										
139 Buncefield lane North Quiet Way (phase 3) - HGC capital project	0	0	190,000	0	190,000	190,000	190,000	190,000	0	0
140 Grand Union Canal Improvements - HGC capital project	0	0	64,000		64,000	64,000	64,064	64,064	0	64
141 Nickey Line Improvements - HGC capital project	0	552,754	(254,000)		(254,000)	298,754	222,754	222,754	(76,000)	(0)
	0	552,754	0	0	0	552,754	476,818	476,818	(76,000)	64
Totals: Finance and Resources										
	8,772,000	17,180,068	743,000	(23,033,683)	(22,290,683)	3,661,385	1,915,370	1,915,371	(1,676,249)	(69,765)
Housing and Community										
Head of Asset Management										
149 Disabled Facilities Grants	741,000	343,873	0	0	0	1,084,873	849,101	849,101	(235,772)	0
	741,000	343,873	0	0	0	1,084,873	849,101	849,101	(235,772)	0
Head of Safe Communities										
153 Rolling Programme - CCTV Cameras	25,000	36,290	0	(36,290)	(36,290)	25,000	3,648	3,648	(21,352)	0
154 Alarm Receiving Centre	0	33,627	0	(33,627)	(33,627)	0	0	0	0	0

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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)
155 CCTV Equipment Refresh	110,000	29,782	0	(29,782)	(29,782)	110,000	96,684	96,684	(13,316)	0
	135,000	99,699	0	(99,699)	(99,699)	135,000	100,332	100,332	(34,668)	0
Head of Investment and Delivery										
159 Affordable Housing Development Fund	0	458,837	2,582,082	0	2,582,082	3,040,919	3,040,919	3,040,919	0	0
160 Temporary Accommodation - creation of new units	0	71,665	0	0	0	71,665	52,377	52,377	(19,288)	(0)
161 Aragon Close - Creation of Affordable Housing Move-on Units	0	118,983	0	0	0	118,983	21,688	21,688	0	(97,295)
162 Verge Hardening Programme	250,000	205,293	0	(455,293)	(455,293)	0	0	0	0	0
	250,000	854,778	2,582,082	(455,293)	2,126,789	3,231,567	3,114,984	3,114,984	(19,288)	(97,295)
Head of Communities and Leisure										
166 Adventure Playgrounds Improvement Programme	500,000	435,535	0	(889,669)	(889,669)	45,866	45,866	45,866	0	0
167 Capital Grants - Community Groups	20,000	0	0	0	0	20,000	10,000	10,000	(10,000)	0
	520,000	435,535	0	(889,669)	(889,669)	65,866	55,866	55,866	(10,000)	0
Totals: Housing and Community	1,646,000	1,733,885	2,582,082	(1,444,661)	1,137,421	4,517,306	4,120,284	4,120,284	(299,728)	(97,295)
Strategic Planning and Environment										
Assistant Director - Place, Communities and Enterprise										
175 Urban Park/Education Centre (Durrants Lakes)	0	134,015	0	(103,915)	(103,915)	30,100	12,400	12,400	(17,700)	0
176 The Bury - Conversion into Museum and Gallery	2,570,000	53,150	0	(2,623,150)	(2,623,150)	0	0	0	0	0
177 UKSPF capacity funding - capital	0	0	0	0	0	11,500	11,500	11,500	0	0
	2,570,000	187,165	0	(2,727,065)	(2,727,065)	41,600	23,900	23,900	(17,700)	0
Head of Environmental Services										
181 Waste Services IT upgrade	0	80,000	0	0	0	80,000	44,958	44,958	(35,042)	0
182 Wheeled Bins & Boxes for New Properties	100,000	0	0	0	0	100,000	168,286	168,286	0	68,286
183 Resurfacing Works and Building Improvement to Depot	0	60,000	0	0	0	60,000	0	0	(60,000)	0
184 Waste Transfer Site Upgrade Works	0	262,461	0	(162,461)	(162,461)	100,000	9,870	9,870	(90,130)	0
185 Fleet Replacement Programme	(312,221)	2,341,332	0	(1,279,111)	(1,279,111)	750,000	900,732	900,732	150,732	0
	(212,221)	2,743,793	0	(1,441,572)	(1,441,572)	1,090,000	1,123,847	1,123,846	(34,440)	68,286
Head of Property Services										
189 Allotment Improvement Programme	0	47,970	0	(30,000)	(30,000)	17,970	0	0	(17,970)	0
190 Stone Works to Charter Tower	15,000	18,000	0	(33,000)	(33,000)	0	0	0	0	0
191 Nickey Line Bridge Refurbishment	0	50,000	0	(40,000)	(40,000)	10,000	1,426	1,426	(8,574)	(0)
192 Bennetts End Adventure playground - Cabin Roof	24,000	0	0	(24,000)	(24,000)	0	0	0	0	0
	39,000	115,970	0	(127,000)	(127,000)	27,970	1,426	1,426	(26,544)	(0)
Head of Neighbourhood Management										
196 Litter Bin Upgrade	85,000	0	0	0	0	85,000	0	0	(85,000)	0
197 Play Areas & Open Spaces - replace equipment	250,000	137,470	0	(387,470)	(387,470)	0	0	0	0	0
198 Gadebridge Park - Splash Park	70,000	0	0	0	0	70,000	37,382	37,382	(32,618)	0
199 Chipperfield Common Car Park Resurfacing	0	200,000	0	(100,000)	(100,000)	100,000	98,671	98,671	(1,329)	0
200 Water Gardens Fencing	25,000	0	0	0	0	25,000	15,673	15,673	(9,327)	0
	430,000	337,470	0	(487,470)	(487,470)	280,000	151,727	151,727	(128,274)	0
Head of Development Management										
43 CIL Capital Projects	0	0	0	0	0	50,000	50,000	50,000	0	0
	0	0	0	0	0	50,000	50,000	50,000	0	0

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)
Totals: Strategic Planning and Environment	2,826,779	3,384,398	0	(4,783,107)	(4,783,107)	1,489,570	1,350,899	1,350,898	(206,958)	68,286
Totals - Fund: General Fund	13,244,779	22,298,351	3,325,082	(29,261,450)	(25,936,368)	9,668,262	7,386,553	7,386,554	(2,182,935)	(98,773)
Housing Revenue Account										
Housing and Community										
Head of Safe Homes										
212 Communal Gas & Heating	0	391,720	0	0	0	391,720	2,624,255	2,624,255	0	2,232,535
213 Social Housing Development Fund	0	0	0	(939,000)	(939,000)	(939,000)	1,811,066	1,811,066	939,000	1,811,066
	0	391,720	0	(939,000)	(939,000)	(547,280)	4,435,321	4,435,321	939,000	4,043,601
Head of Asset Management										
217 Planned Fixed Expenditure	16,650,000	612,295	0	0	0	17,262,295	10,209,801	10,209,801	(2,622,491)	(4,430,003)
218 Pain/Gain Share (Planned Fixed Expenditure)	0	0	0	0	0	0	(223,501)	(223,501)	0	(223,501)
219 M&E Contracted Works	0	0	0	0	0	0	2,197,468	2,197,468	0	2,197,468
220 DBC Commissioned Capital Works	5,975,000	5,024,882	0	0	0	10,999,882	5,109,789	5,109,789	(3,401,414)	(2,488,679)
221 Special Projects	0	513,021	0	0	0	513,021	0	0	(513,021)	0
	22,625,000	6,150,198	0	0	0	28,775,198	17,293,557	17,293,557	(6,536,926)	(4,944,715)
Head of Investment and Delivery										
225 Bulbourne	(2,210,742)	2,209,142	0	0	0	(1,600)	9,111	9,111	0	10,711
226 Coniston Road	0	220,145	0	(130,139)	(130,139)	90,006	89,469	89,469	(537)	0
227 Eastwick Row	1,569,000	4,166,856	0	(5,614,816)	(5,614,816)	121,040	9,565	9,565	(111,475)	(0)
228 St Margaret's Way	6,330,903	9,687	0	(253,899)	(253,899)	6,086,691	6,009,223	6,009,223	(77,468)	0
229 Paradise Fields	3,765,365	9,374,973	0	(6,241,317)	(6,241,317)	6,899,021	7,032,389	7,032,389	133,367	1
230 Randalls Ride	2,103,000	2,921,684	0	(836,354)	(836,354)	4,188,330	4,035,848	4,035,848	(152,482)	0
231 Garage Sites - New Build Developments	4,779,000	1,102,139	0	(1,253,897)	(1,253,897)	4,627,242	4,524,099	4,524,099	(103,143)	0
232 Wilstone	857,000	266,257	0	(799,412)	(799,412)	323,845	382,587	382,587	58,742	0
233 Marchmont Fields	2,775,835	6,698,893	0	(5,208,108)	(5,208,108)	4,266,620	5,333,647	5,333,647	1,067,027	(0)
234 Paradise Depot	8,640,000	79,924	0	(5,701,288)	(5,701,288)	3,018,636	3,369,548	3,369,548	350,912	(0)
235 Cherry Bounce	(232,816)	222,980	0	9,836	9,836	0	0	0	(9,836)	9,836
236 Stoneycroft and Great Sturgess	789,236	(91,651)	0	(697,585)	(697,585)	0	0	0	0	0
237 Garage Sites B	59,064	(39,064)	0	(20,000)	(20,000)	0	0	0	20,000	(20,000)
238 Great Sturgess Road	500,000	(43,323)	0	(456,677)	(456,677)	0	0	0	0	0
239 RTB Buy-Backs	1,000,000	998,910	0	(866,594)	(866,594)	1,132,316	600,548	600,548	(531,768)	0
240 Local Authority Housing Fund	0	0	0	0	0	451,741	1,129,353	1,129,353	0	677,612
	30,724,845	28,097,552	0	(28,070,250)	(28,070,250)	31,203,888	32,525,387	32,525,387	643,339	678,160
Totals: Housing and Community	53,349,845	34,639,470	0	(29,009,250)	(29,009,250)	59,431,806	54,254,266	54,254,265	(4,954,587)	(222,954)
Totals - Fund: Housing Revenue Account	53,349,845	34,639,470	0	(29,009,250)	(29,009,250)	59,431,806	54,254,266	54,254,265	(4,954,587)	(222,954)
Totals	66,594,624	56,937,821	3,325,082	(58,270,700)	(54,945,618)	69,100,068	61,640,818	61,640,819	(7,137,522)	(321,727)



Audit Committee

Report for:	Audit Committee
Title of report:	Statement of Accounts 2023/24
Date:	18 th September 2024
Report on behalf of:	Cllr Maria Capozzi, Portfolio Holder for Corporate & Commercial Services
Part:	I
If Part II, reason:	N/A
Appendices:	Appendix A – Statement of Accounts 2023/24 Appendix B – Letter of Representation
Background papers:	None.
Glossary of acronyms and any other abbreviations used in this report:	CIPFA-The Chartered Institute of Public Finance and Accountancy

<p>Report Author</p> <p>Clare Dempsey, Manager- Financial and Regulatory Accounting</p> <p> </p> <p>Clare.Dempsey@dacorum.gov.uk / 01442 228264(ext. 2264)</p> <p>Responsible Officer</p> <p>Nigel Howcutt , Chief Finance Officer</p> <p> </p> <p>Nigel.howcutt@dacorum.gov.uk / 01442 228662 (ext. 2662)</p>
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Corporate Priorities	<p>A clean, safe and enjoyable environment</p> <p>Building strong and vibrant communities</p> <p>Ensuring economic growth and prosperity</p> <p>Providing good quality affordable homes, in particular for those most in need</p>
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	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 2023/24 for Members' approval.
Recommendation (s) to the decision maker (s):	<ol style="list-style-type: none"> 1. Review the Statement of Accounts 2023/24 (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 2023/24. 4. Delegate to the Chair of the Audit Committee to sign the final accounts upon receiving the final audit opinion and approve any further changes the statement of accounts agreed with the Council's auditors prior to the receipt of that opinion .
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 2023/24 by 30th September 2024. 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 KPMG 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 18th September 2024.

1.4 The Statement of Accounts were prepared in accordance with the Code of Practice on Local Authority Accounting 2023/24 (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 2023/24 reflects a net loss of £68m and consists of the following:

- a. Deficit on the Provision of Services of £19.7m (2022/23 deficit of £17.1m);
- b. Other Comprehensive expenditure of £48.7m (2022/23 income of £172.2m) consisting of £34.3m deficit on the revaluation of property and £14.3m actuarial losses on the Pension Fund.

2.8 The increase in the deficit on the Provision of Services of £2.6m between years is due to:

- a. An increase in the Total Cost of Services of £12.0m;
- b. An overall reduction in Other Operating income of £2.2m;
- c. A decrease in Financing and Investment net Expenditure of £2.7m;

d. An increase in taxation and Non-Specific Grant Income of £8.9m.

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 £1.191bn as at 31 March 2024, which represents an decrease of £68.4m 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 £18.263m for 2023/24. This is an increase of £5.822m on the deficit reported in 2022/23, which was £12.441m.

Expected Changes to the Draft Accounts:

2.15 The Council published its draft Statement of Accounts on 31^h May 2024, in line with the statutory deadline of the 31st May 2024. As part of the outstanding audit work the following change is still expected to be made the draft accounts:

- A revised Asset Ceiling calculation in relation to the Pension asset position. We await a revised asset ceiling calculation from the actuary to the Hertfordshire County Council Pension Fund. It is expected that the statement of accounts will require updating upon receipt of this information. The expected impact will be an amendment to the Council's net pension liability/asset and an offsetting change to the pension reserve (an unusable reserve), both entries on the Council's balance sheet. It is requested that delegated approval be given to the Chief Finance Officer and the Audit Committee Chair to approve this amendment to the financial statements.

2.16 More detail on the findings of the appointed auditor can be found in the External Auditor's Year End Report, a separate agenda item at Audit Committee on 18th September 2024.

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 September 2024 under the Accounts and Audit Regulations.

5 Risk implications

5.1 The production of the Statement of Accounts and the associated external audit process are some of the key controls in place to mitigate the risk of the weakening of the Council's finance resilience. 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:

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

7 Sustainability implications (including climate change, health and wellbeing, community safety)

7.1 None arising directly from the report.

8 Council infrastructure (including Health and Safety, HR/OD, assets and other resources)

8.1 None arising directly from the report.

7 Conclusions:

7.1 The Statement of Accounts represents a detailed picture of the Council's financial activity for 2023/24. Members are asked to review the accounts and Letter of Representation presented to them today and approve these documents.



Dacorum Borough Council

**Draft Statement of
Accounts
2023/24**

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Introduction – Leader of the Council

I am pleased to present Dacorum Borough Council's Annual Statement of Accounts for the financial year 2023/24.

These accounts show how we managed our finances in 2023/24 whilst delivering against the key Council priorities:

- 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

Rising costs have, again, made this year a challenging one for our residents and businesses. The Council's priority during this time has been to ensure that it targets help to those most vulnerable in our community, whilst also ensuring that essential Council services continue to be provided.

During 2023/24, the Council has:

- Launched additional Electric Vehicle Charging Point stations across a range of sites in the borough with more to be rolled out early in 24/25.
- The Council announced plans to work with NHS partners to develop plans for a new Health Campus in Hemel Hempstead town centre. This would provide accessible primary and secondary health services in one location and would support wider plans for improvements to Hemel town centre.
- Hosted our third Dacorum Climate Action Network event, an opportunity for residents and organisations to get together learn about actions taking place locally to tackle the climate and ecological emergency.
- Created a new sensory garden in Highfield in partnership with Sunnyside Rural Trust, as part of our Housing Transformation Improvement Project.
- Held our first Housing Open Day for those wanting to find out more about our housing services.
- Completed a consultation on the direction of travel for our emerging Local Plan.
- Completed the construction of new Council Homes in Wilstone.
- Secured additional funding from Homes England to support the development of Council homes.
- Opened the new Poppy Fields cemetery, a serene and thoughtfully designed space for families to commemorate their loved ones.
- Celebrated Armed Forces Day, a community event for all in the borough.
- Consulted on budget proposals for 2024/25 and set a balanced budget for 2024/25.

During 2024/25, Dacorum Borough Council will:

- Deliver a revised Corporate Plan setting out our priorities and objectives for the borough over the medium term.
- Develop the Business Case and proposals for the Hemel Health Campus with NHS partners.
- Continue to ensure that those who need help due to the impact of the rising costs are supported.
- Continue to build new Council homes for local people.
- Continue our commitment to delivering our Climate and Ecological Emergency Strategy.
- Build on our strong relationships with the Voluntary and Community Sector.

Over the next financial year, we will continue to ensure we improve the services we deliver and make them as efficient as possible. This will support our goal to deliver the best possible services to our residents and businesses.

Councillor Ron Tindall, Leader of the Council, May 2023- May 2024

Introduction – Chief Finance Officer

As the Council's Chief Financial Officer, I have the great pleasure presenting Dacorum Borough Council's Statement of Accounts for 2023/24.

The Narrative Report and the notes support the accounts provide a clear picture of the figures making up our Statement of Accounts and show how the money raised from residents, businesses and customers became the services we have delivered. The Statement of Accounts is required by law and covers various statutory requirements and other relevant information, hence the formal layout of the reports.

The post Coronavirus pandemic period has presented an operational and financial challenge for the Council and will continue to do so into the medium term as people's behaviours and approaches have changed in many ways. The current economic and political uncertainty and associated cost of living pressures have made this transition to a "new normal" approach to service delivery all the more challenging. 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 are responding to the ongoing 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 tax-payers and aim to avoid impact on front-line service provision. To this end, I believe we have the financial governance structures in place and clear transparent decision making frameworks that will enable the Council to remain successful and sustainable 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 and ensuring that the financial transactions we oversee are conducted efficiently and effectively. The work that the team does in collaboration 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

Narrative Report

The Borough has a population of approximately 155,000. 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 land in Dacorum is classified as rural 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. The Council's corporate plan is currently being updated.

Political and Strategic Framework

The Council holds elections for all Members once every four years, with borough-wide elections last held in May 2023. As at 31 March 2023, the Council was made up of 28 Liberal Democrats, 18 Conservatives, 3 Labour and 2 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

During 2023/24, the Council was structured along five directorates, providing the following services:

Housing and Property Services. This directorate manages the Council's property portfolio and the delivers the Council's housing service. This includes management of Housing Revenue Account (HRA) housing stock, the provision of information and services for Council tenants and leaseholders and provision of homelessness services.

Neighbourhood Operations. This directorate delivers services including parking, garages, waste management, refuse collection, management of the Council's parks and green spaces, emergency planning and environmental health.

Place. This directorate is responsible for planning services, economic development, arts and culture leisure and community grant funding.

People and Transformation. This directorate manages the Council's human resources, digital and performance management services. It leads on the Council's climate change work and borough-wide communications, as well as a delivery of the Council's transformation programme, Future Dacorum.

Corporate and Commercial. This directorate includes the main corporate support functions such as finance, legal and democratic services as well as leading on the Council's commercial activity. It is also responsible for 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.

- Cost of Living- Inflationary increases arising from current economic conditions continued to present a significant financial challenge during 2023/24. This includes the final cost of the pay award for Council staff, alongside inflationary increases on other areas of Council expenditure. Inflationary increases represent a continued risk for the Council in 2024/25.
- 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). Longer term planning to manage the financial consequences of the pandemic and inflationary increases has been addressed as part of our medium-term financial strategy.
- Local Authority funding mechanisms are increasingly uncertain as the government has further delayed the proposed funding. 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:

- Continued exploration of commercial opportunities and the development of our charging strategy to generate income to support key frontline services.
- Service transformation to deliver increased service efficiency and enhance customer experience through our Future Dacorum programme.
- 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 plans.
- Increasing prosperity of towns in the borough through our economic development activities.
- Bringing the Dacorum community together via an ongoing 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.

The Council has achieved the following during 2023/24 against its corporate priorities. 2022/23 figures are provided in brackets, where figures have changed year on year.

A clean, safe and enjoyable environment

- Collected 4,732 tonnes of food waste (4,970)
- Maintained parks and gardens across Dacorum including 62 play areas, 5 Green Flag parks and 2 Queen Elizabeth II Fields in Trust
- Received 2,184 planning applications (2,601).

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

- Provided support and advice to businesses via our economic development team.

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 £1.6m of savings as part of 2024/25 budget-setting.

Climate and Ecological Emergency - working to deliver net zero carbon

- Installed Electric Vehicle Charging points in 5 locations across the borough as part of an ongoing programme to complete 18 such installations.

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 publicly 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 required by law and best practice accounting guidance. These figures include accounting adjustments to 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 income, 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:

- **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's landlord function (the HRA), which is identified separately throughout the accounts).
- **Finance and Resources** (includes commercial development and property, community centres, cemeteries, leisure management, public conveniences, parking services and support services such as human resources, digital and finance).
- **Strategic Planning and Environment** (includes services such as waste collection, planning and development)

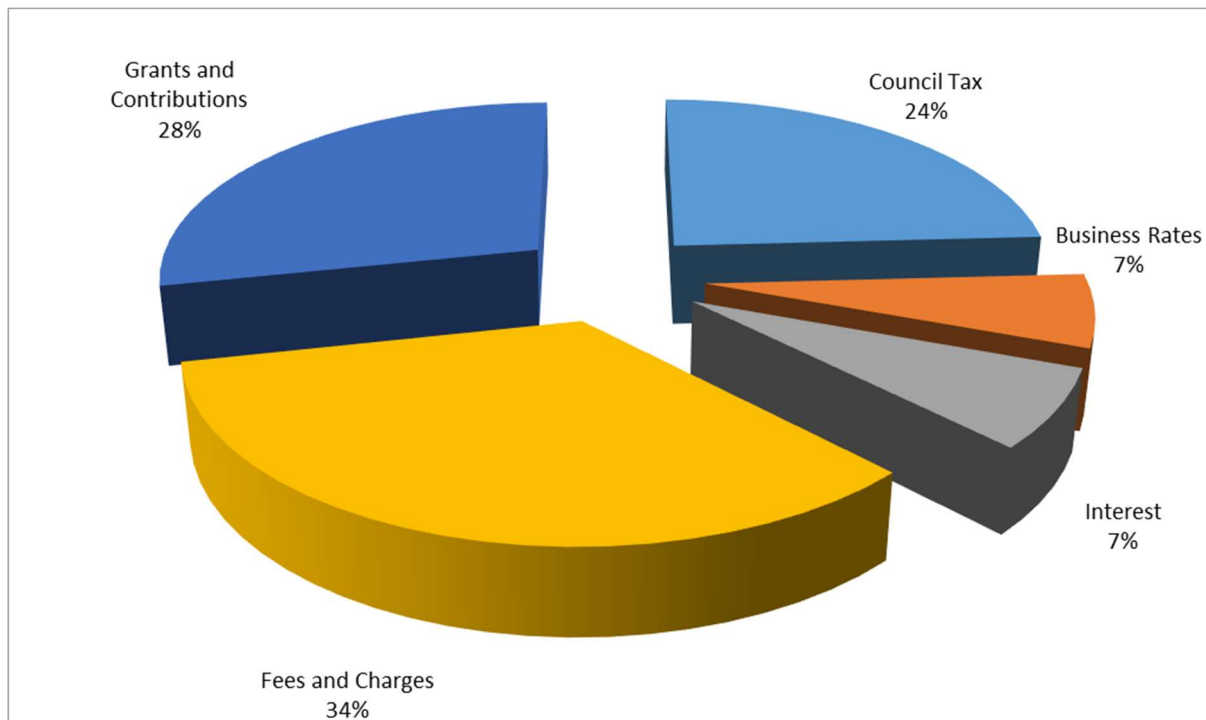
The three committees shown play an important role in guiding and examining our policies and operational and financial performance. They are involved in keeping the Council's activities under review. They scrutinise the proposals, actions and decisions of the Cabinet and Council, as well as developing 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 Chair and Vice-Chair can be from any of the political groups.

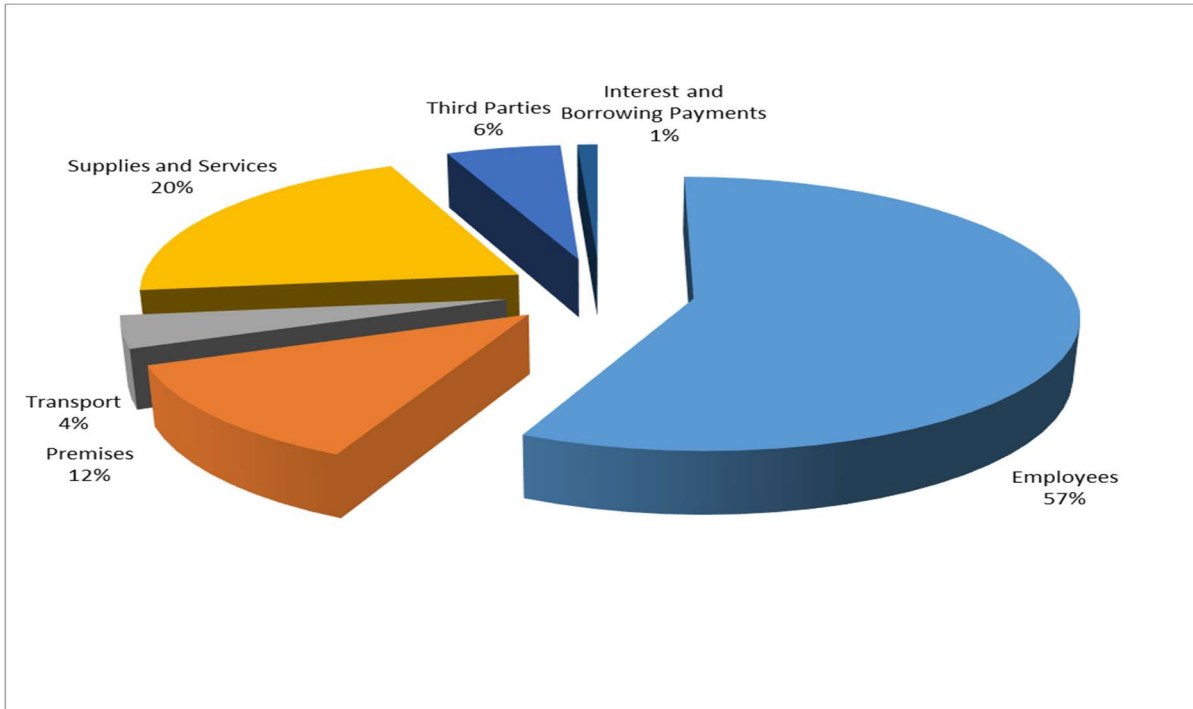
General Fund Revenue Account

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

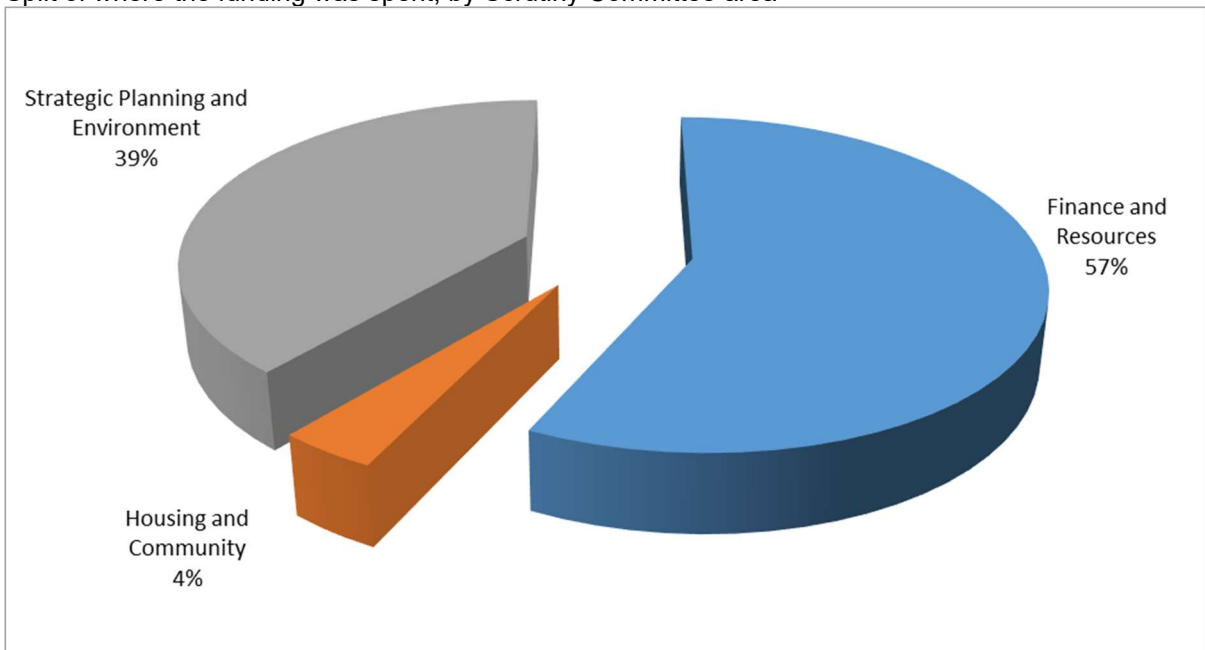


How the funding was spent¹



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 2023/24:

Table 1- General Fund Revenue Financial Performance 2023/24

	Budget	Actuals	Variance
	£000	£000	£000
Finance and Resources	14,369	15,869	1,500
Housing and Community	1,184	1,086	(97)
Strategic Planning and Environment	11,259	10,793	(467)
Net Cost of Services	26,812	27,748	936
Investment Property	(4,314)	(4,289)	25
Interest on Investment Income, Interest Payable and Minimum Revenue Provision	(15)	(3,713)	(3,698)
Parish Precept Payments	1,234	1,234	0
Government Grants	(1,693)	(6,908)	(5,215)
Council Tax	(14,574)	(14,625)	(51)
Business Rates	(4,178)	(1,870)	2,308
Net (Income)/ Expenditure- Other Items	(23,540)	(30,172)	(6,632)
(Surplus)/ Deficit on Provision of Services	3,272	(2,424)	(5,696)
Net Recharge to the HRA	(5,678)	(5,755)	(77)
Contribution To / (From) Earmarked Reserves	2,406	8,179	5,773
Net Movement on General Fund Working Balance	0	(0)	(0)

Transactions relating to asset depreciation have nil net impact on the position and are excluded from Table 1.

General Fund Services Financial Performance

Key budget variances have arisen during the year and are outlined below.

- The staff pay award for 2024/25 has resulted in a pressure of £0.5m across General Fund services. This pressure has been managed within the overall position for 2023/24.
- Finance and Resources
 - A surplus against income associated with the Council's leisure management contract £0.1m
 - A shortfall against corporate income targets £0.4m
 - An increase in external audit fees following the introduction of new charging regimes £0.213m
- Housing and Community
 - Temporary Accommodation repairs due to increased demand on the service £0.2m
 - Additional Temporary Accommodation income £0.4m arising from increased demand on the service.
- Strategic Planning and Environment
 - Costs associated with the use of agency employees for the provision of Waste services £0.6m.
 - Costs associated with the maintenance of trees in the borough £0.2m.
 - A shortfall against planning -related income £0.3m.
 - Additional income over budget relating to the Old Town Hall theatre £0.1m.
 - Additional garden waste income over budget of £0.8m due to higher than expected take up of the service.

- Income relating to developer contributions to provide suitable alternative natural green space (SANG) £1.4m. This income has been transferred to reserves to support the provision of SANG in the borough.
- Investment income
 - Returns on Councils investment have performed strongly during 2023/24 generating a surplus of £3.4m over budget.
- Government grants
 - Additional grant funding received during the year. This includes £4.9m relating to business rates reliefs and an additional £0.4m of other grants.
- Business Rates
 - The Council paid a deficit of £0.6m to the Collection Fund in respect of business rates. The shortfall reported against business rates target income is offset by additional grant received in respect of business rates relief, as outlined in the previous bullet point.
- Reserves
 - There was a net transfer of £3.8m during the year to the Funding Equalisation reserve, arising from timing differences on Collection Fund balances. The Council drew down £0.9m of additional contributions from the Economic Recovery Reserve as part of its strategy to manage the medium-term impact of the pandemic on the Council's budget.

The Council's General Fund has managed its overall financial position via the application of government grants, planned use of existing reserves and additional income via fees and charges and treasury management investment.

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 2023/24 the returns on investments exceeded budgeted expectations due to higher than projected interest rates and larger cash balances favourably impacting investment returns.

The Council has loans with the Public Works Loans Board (PWLB) to support its General Fund capital programme for which it must make fixed rate interest payments each year. The payments are budgeted for 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 grants to compensation for 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. 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 2023/24.

The net collectable amount of council tax in Dacorum for 2023/24 (for Dacorum Borough Council, Hertfordshire County Council and the Police and Crime Commissioner for Hertfordshire) was £125.7m (2022/23 £118.6m). The Dacorum Borough Council share of council tax (excluding the precept for parish and town councils) is £13.3m an increase from £12.8m in 2022/23.

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 Planning. A detailed breakdown of the movements to and from reserves can be seen in Note 12 to the Accounts.

Housing Revenue Account (HRA)

The table below summarises the financial position on the Council's HRA for 2023/24:

Table 2: HRA Revenue Financial Performance 2023/24

	Budget	Actuals	Variance
	£000	£000	£000
Dwelling Rents and Service Charges	(61,118)	(62,060)	(942)
Non-Dwelling Rents	(104)	(98)	6
Charges for Services and Facilities	(1,844)	(2,637)	(793)
Interest on Investment Income	(210)	(1,985)	(1,775)
Contributions towards expenditure	(647)	(1,330)	(683)
Total Income	(63,923)	(68,110)	(4,187)
Repairs and Maintenance	14,553	20,002	5,449
Supervision and Management	13,930	15,096	1,166
Recharges	4,922	5,755	833
Depreciation	15,620	15,532	(88)
Revenue Contribution to Capital	2,538	0	(2,538)
Interest Payable	11,267	11,266	(1)
Other Expenditure	928	588	(340)
Total Expenditure	63,758	68,239	4,481
(Surplus)/ Deficit prior to reserve movements	(165)	129	294
Contribution To / (From) Reserves	165	(129)	(294)
HRA Deficit / (Surplus)	0	0	0
Working Balance Brought Forward	(2,894)	(2,894)	0
Transfer from revenue	(165)	(165)	0
Working Balance Carried Forward	(3,059)	(3,059)	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.

Inflationary increases and demand level have impacted repairs and maintenance costs in particular.

The Council has invested in a service transformation project for its Housing Landlord function– the Housing Transformation Improvement Project. This work is expected to continue into 2024/25. 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 from reserves represents a draw down from HRA reserves to support in year 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 £3.1m, this balance having been increased during 2023/24 in line with the HRA Business Plan.

Capital Programme

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

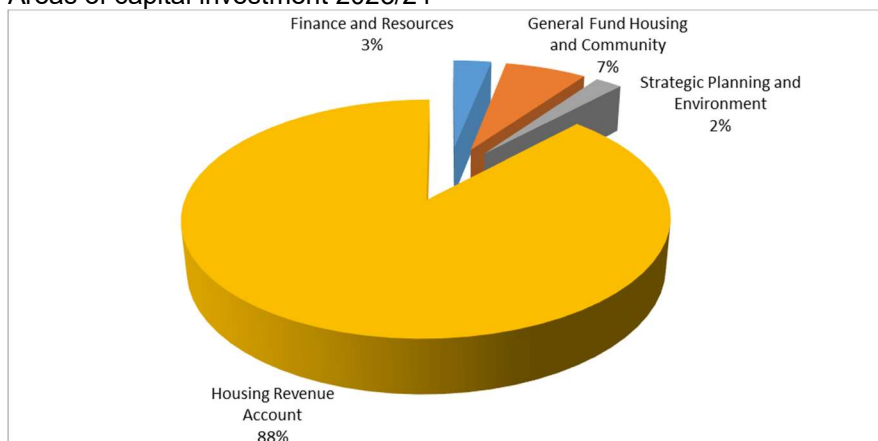
- £21.7m on the Council's housing stock.
- £32.5m on housing development.
- £3.0m to support the development of affordable housing in the borough outside the Council's own new build programme
- £0.9m on replacing the Council's fleet vehicles.
- £0.6m on Council owned General Fund properties.

Key new housing investment in the borough includes the completion of the site at Wilstone. Other projects include investment in the Council's car parks and borough leisure facilities.

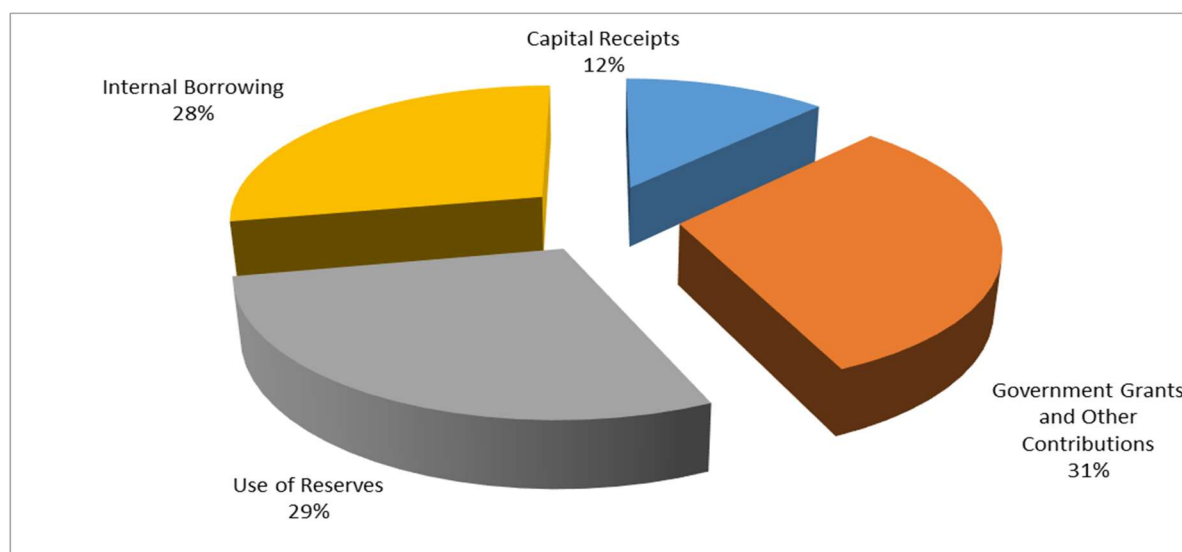
The capital programme has been funded from capital receipts, grant and contributions with the HRA also utilising-internal borrowing. There has been slippage of the capital programme into future years, as a result of planning delays linked to the Dacorum moratorium and procurement processes taking longer than estimated.

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

Areas of capital investment 2023/24



Sources of capital financing 2023/24



The Council's Financial Outlook

Following the approval of the 2023 Medium Term Financial Strategy, the Council's budget for 2024/25 was approved by Full Council in February 2024. The Council anticipates continue inflationary increases in 2024/25. This has been reflected in the 2024/25 budget and the medium-term forecasts. The national and global economic position will determine the extent to which these pressures continue to affect the Council's funding into the medium-term. 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 2024/25. 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 2024/25. 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 Council's 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 2023/24 (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 2023/24, and the financial position of the Council as at 31 March 2024. In order to present this information clearly, the Accounts encompass 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 2024 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 2023/24, 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 Audited Statement of Accounts by 31st May 2025. Approval of the Statement of Accounts is 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 2024 was approved by resolution of the Audit committee of Dacorum Borough Council on xxx.

Councillor Stewart
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 2024, and its income and expenditure for the year ending 31 March 2024.

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 was the first year for compliance with the CIPFA Financial Management (FM) Code 2019 and an assessment of how the Council's financial management is compliant with this Code is included within this statement.

The statement is an open and honest self-assessment of the Council's performance across all its activities and contains a statement of the actions being taken, or those that are required, to address areas of concern. It is inevitable during a rigorous review of the Council's operations that 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 2023/24. The Council's financial management arrangements are considered compliant with the FM Code 2019 requirements.

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 ensures that there are effective controls and risk management arrangements in place 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 ensuring that risks are appropriately identified and managed;

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

- developing the capacity and capability of members and officers to be effective;
- involving local people and other stakeholders to ensure strong public accountability.

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 the management of risk. Cabinet and senior officers 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 recommendations 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 is 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 2023/24 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. In September 2023, we switched our primary consultation platform to Let's Talk Dacorum, an accessible online hub for residents to engage with local issues. Stakeholders can register and choose which consultation to participate in. Let's Talk Dacorum has garnered over 2,800 responses in its first six months, demonstrating its effectiveness in encouraging community involvement. The Council communicates with service users through its printed residents' magazine 'Dacorum Life', weekly e-newsletter, its website, customer services surveys, the corporate complaints procedure and social media such as Facebook, Twitter and LinkedIn.

To support its overall vision and aims, the Council has reviewed its Medium Term Financial Strategy and 5 year Capital Programme during 2023/24 and is reviewing this again as part of the budget preparation for 2024/25. 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 and progress is reported through highlight reports to Strategic Leadership Team (SLT) on a regular basis.

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. Key Performance Indicators have been reviewed and they align to the Corporate Plan.

Cabinet, Scrutiny committees and SLT all review performance indicators. All objectives included in Service plans are aligned to the Council's vision and priorities and are reviewed corporately by SLT and other senior managers to test completeness and consistency.

In addition, SLT receives updates on the work and recommendations of Corporate Officer working groups including:

- Commercial Board
- Place Board
- Capital Programme Board
- Housing and Transformation Improvement Board
- Transformation Board
- Health and Safety Board
- Climate Change and Ecological Emergency Board
- Neighbourhood Operations Board (established in early 2024)

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 operates an annual service planning process which supports the delivery of corporate objectives. Key performance indicators are identified for Council services and performance against these indicators is regularly reported to SLT and to Members. Services are expected to make good use of data and benchmarking to support the delivery of value for money services. Satisfaction surveys are also undertaken by key services to assess customer satisfaction, where poor performance exists performance clinics are undertaken.

External Audit's Interim Annual report for 2022/23, the most recent Value for Money review undertaken, concluded the Council had demonstrated a clear understanding of its role in securing economy, efficiency and effectiveness in its use of resources. No 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 2023/24, the Assistant Director, Legal and Democratic Services, as the Council's Monitoring Officer, had overall responsibility for legal compliance. The Deputy Monitoring Officer role is carried out by the Principal Property Lawyer. All Legal Services staff work closely with departments to advise on legal requirements. The Assistant Director, Legal and Democratic 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 Councillors, 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.

Michael Browne is 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. In May 2023, the Council appointed members to 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 Councillors. 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. Amendments were made to the Constitution and approved by Council during 2023/24 so the Constitution remains fit for purpose. It was not necessary to make more substantial changes.

The Financial Regulations were updated and the changes were approved by Cabinet in March 2023, with minor approval limit updates approved at the April 2024 cabinet. 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. The Policy was updated following the UK withdrawal from the European Union to ensure the current orders were in line with World Trade Organisation requirements. This was approved by the Monitoring Officer.

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 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 pre-decision scrutiny, policy development work and performance monitoring. The Audit Committee oversees effectiveness of strategic risk management and has reviewed the Strategic Risks in 2023/24.

Procedures governing the Council's operations include Financial Regulations, Commissioning & Procurement Standing Orders and the Risk Management Policy (Refreshed in February 2023). Ensuring compliance with these procedures is the responsibility of managers across the Council. Following the approval of the 2024 Corporate Plan, the Risk Management Policy will also be refreshed in 2024/25.

Internal Audit checks compliance as part of the Annual Audit Plan, and feeds back to the Audit Committee and SLT. In addition, key corporate strategies provide the framework for key decisions:

including the Corporate Plan, Medium Term Financial Strategy, and Asset Management Plan. During 2023/24, the Council published a Strategy for Growth.

The Corporate Business Continuity Plan was updated in July 2022. Service-specific business continuity plans are reviewed regularly and monitored for accuracy and completeness.

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. The terms of reference have also been reviewed in 2023/24 for accuracy and completeness.

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 Section 151 officer and Monitoring Officer comments.

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.

Strategic 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 2023/24, 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 have been

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, Legal and Democratic 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 all 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 Code of Conduct for Councillors 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 themselves with protocols, procedures, values and aims of the Council. All new employees also attend an induction session with the Chief Executive so she can explain the Council's values and set out the behaviours expected at 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. In 2019, mandatory training was introduced for members. Non-attendance is reported to Heads of Service and continuous non-attendance can be reported to the Standards committee. Details of member training is below:

Course	Date	Number of Attendees
Development Management Training	24 th May 2023	23
Licensing Training	24 th May 2023	10
Being an Effective Councillor (EELGA)	31 st May 2023	25
Constitution & Code of Conduct	12 th & 15 th June 2023	42

Chair Training	27 th June 2023	12
Appeals Training	20 th July 2023	2
GDPR Training	12 th July 2023	35
Council Budget Setting Process	19 th September 2023 & 5 th October 2023	34
Scrutiny Training	9 th November 2023	9
Health & Safety Training	23 rd November 2023	34
Appeals	23 rd November 2023	5

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 happen 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. This includes Town and Parish consultation, engagement with the Tenant and Leaseholder Committee, Citizens Panel and resident associations.

Incorporating good governance arrangements in respect of Partnerships

The Council participates in partnerships aimed at improving services to the community including Hemel Garden Communities, Herts IQ, Hemel Place Board and the Dacorum Community Safety Partnership. When drawing together different partners, with varying organisational cultures and methodologies for handling governance issues, it is important that 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 2023/24, 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 2023/24 Statement of Accounts, no priority 1 recommendations were identified.

The key elements of the Governance and internal controls process are summarised in this 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: Housing & Community Strategic Planning & Environment 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 Legal and Democratic 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	<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.
Corporate Working Groups	<ul style="list-style-type: none"> • Cross Council Officer groups overseeing activity, performance and risks within remit

	<ul style="list-style-type: none"> 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
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

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

2023/24 has presented challenges in respect of medium-term financial planning, arising from the short term government financial settlement, economic uncertainty, including inflationary pressures, and the ongoing recovery from the implications of the Covid -19 pandemic. The Council has addressed this by updating its medium term financial strategy 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 prudent assumptions in our medium- term financial planning.

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 2023/24 included 19 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 2023/24, the internal audit reports have currently resulted in 0 limited assurance, 6 reasonable assurances and 2 substantial assurances.

Internal audit reports provide recommendations for improvements. In total 29 recommendations were suggested and none of these recommendations were priority 1 recommendations. Priority 1 recommendations relate to issues deemed fundamental to the systems concerned and upon which immediate action will be required.

Annual Governance Statement

Published internal audit reports are available at www.dacorum.gov.uk. Further details are available upon request. The Internal Auditor's 2023/24 Annual Report will be presented to Audit Committee in July 2024.

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

Signed

Councillor Ron Tindall –

Leader of the Council May 2023-May 2024

Date: May 2024

Claire Hamilton - Chief Executive

Date: May 2024

Comprehensive Income and Expenditure Statement

2022/23					2023/24		
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
58,051	(38,346)	19,705	Finance and Resources (GRF)		60,955	(40,843)	20,112
9,969	(6,893)	3,075	Housing and Community (GRF)		13,959	(7,779)	6,179
22,069	(6,462)	15,607	Strategic Planning & Environment (GRF)		20,311	(8,427)	11,884
63,897	(60,549)	3,348	Housing and Community (HRA)		81,720	(66,124)	15,596
153,986	(112,251)	41,735	Total Cost of Services		176,945	(123,173)	53,772
		(2,328)	Other Operating Expenditure	8			(142)
		5,254	Financing and Investment Income and Expenditure	9			2,525
		(27,570)	Taxation and Non Specific Grant Income	10			(36,445)
		17,090	(Surplus)/Deficit on Provision of Services				19,711
		(102,750)	(Surplus)/ Deficit on Revaluation of Property Plant, Equipment	30			34,367
		(69,436)	Actuarial (Gains)/Losses on Pension Asset / Liabilities	36			14,312
		(172,186)	Other Comprehensive Income and Expenditure				48,679
		(155,096)	Total Comprehensive Income and Expenditure				68,389

-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 2022	2,502	23,098	2,892	6,997	4,804	18,429	47,131	105,855	998,090	1,103,945	
Movement in Reserves During 2022/23:											
Surplus or (Deficit) on Provision of Services	(4,650)	0	(12,440)	0	0	0	0	(17,090)	0	(17,090)	
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	172,186	172,186	
Total Comprehensive Income and Expenditure	(4,650)	0	(12,440)	0	0	0	0	(17,090)	172,186	155,096	
Adjustments Between Accounting Basis and Funding Basis Under Regulations:	11	505	0	10,174	0	(400)	1,964	(6,737)	5,506	(5,506)	0
Net Increase/(Decrease) Before Transfers to Earmarked Reserves	(4,145)	0	(2,266)	0	(400)	1,964	(6,737)	(11,584)	166,680	155,096	
Transfer (to)/from Earmarked Reserves	12	4,144	(4,144)	2,266	(2,266)	0	0	0	0	0	
Balance at 31 March 2023	2,501	18,954	2,892	4,731	4,404	20,393	40,395	94,270	1,164,770	1,259,041	
Movement in Reserves During 2023/24											
Surplus or (Deficit) on Provision of Services	(1,448)	0	(18,263)	0	0	0	0	(19,711)	0	(19,711)	
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(48,679)	(48,679)	
Total Comprehensive Income and Expenditure	(1,448)	0	(18,263)	0	0	0	0	(19,711)	(48,679)	(68,389)	
Adjustments Between Accounting Basis and Funding Basis Under Regulations:	11	9,626	0	18,134	0	(4,405)	2,000	(7,607)	17,749	(17,749)	0
Net Increase/(Decrease) Before Transfers to Earmarked Reserves	8,179	0	(129)	0	(4,405)	2,000	(7,607)	(1,962)	(66,428)	(68,389)	
Transfer (to)/from Earmarked Reserves	12	(8,180)	8,180	294	(294)	0	0	0	0	0	
Balance at 31 March 2024	2,500	27,134	3,057	4,437	(0)	22,392	32,788	92,307	1,098,344	1,190,652	

Balance Sheet

31 March 2023 £'000		Note	31 March 2024 £'000
Long-term Assets			
1,437,565	Property, Plant & Equipment	25	1,402,255
65,265	Investment Property	27	64,136
8,957	Heritage Assets	33	9,015
571	Intangible Assets	28	578
6,241	Long-term Debtors	21	6,249
1,518,600	Total Long Term Assets		1,482,233
Current Assets			
93,528	Short-term Investments	34	46,593
0	Assets Held for Sale	29	0
299	Inventories		400
22,889	Short-term Debtors	22	23,669
11,693	Cash and Cash Equivalents	34	40,608
128,409	Total Current Assets		111,271
Current Liabilities			
(30,875)	Short-term Creditors	20	(33,172)
(2,762)	Short-term Borrowing	34	(4,209)
(4,100)	Revenue Grants and Contributions	18	(3,420)
(2,421)	Capital Grants and Contributions	18	(4,356)
(8,955)	Short-term Provisions	24	(9,016)
(49,112)	Total Current Liabilities		(54,173)
Long-term Liabilities			
(257)	Long-term Creditors	19	(257)
(334,808)	Long-term Borrowing	34	(331,148)
(3,791)	Net Pension Liability	36	(17,274)
(338,856)	Total Long-term Liabilities		(348,679)
1,259,040	Net Assets (Assets Less Liabilities)		1,190,652
Usable Reserves			
2,500	General Fund	11	2,500
18,954	Earmarked Reserves – General Fund	12	27,133
2,893	Housing Revenue Account (HRA)	11	3,058
4,731	Earmarked Reserves – HRA	12	4,437
4,405	Major Repairs Reserve	11	0
20,392	Capital Grants Unapplied Account	11	22,392
40,394	Capital Receipts Reserve	11	32,788
94,269	Total Usable Reserves		92,307
Unusable Reserves			
731,846	Revaluation Reserve	30	688,378
437,173	Capital Adjustment Account	31	429,654
0	Deferred Capital Receipts		0
(719)	Collection Fund Adjustment Account		(2,571)
546	Financial Instruments Adjustment Account		485
(3,791)	Pension Reserve	36	(17,274)
(283)	Accumulated Absences Account		(327)
1,164,772	Total Unusable Reserves		1,098,344
1,259,040	Total Reserves		1,190,652

Cashflow Statement

2022/23 £'000		2023/24 £'000
(17,090)	Net Surplus/(Deficit) on Provision of Services	(19,711)
	Operating Activities	
	Adjustments to surplus/deficit for non cash movements	
36,539	Depreciation & Impairment & Valuations to the CIES for Property	52,454
118	Amortisation of Intangible Assets	160
5,631	Disposal of Assets	1,853
(91)	Changes in Inventory	(102)
(4,270)	Changes in Debtors	648
(17,110)	Changes in Creditors	1,505
8,241	Changes in Net Pension Liability	(829)
665	Other non-cash Movements	1,422
<u>29,723</u>		<u>57,111</u>
	Adjustment for items included in the net surplus or deficit on the provision of services that are investing & financing activities	
0	Proceeds from short-term investments	0
(8,974)	Proceeds from the sale of non-current assets	(3,228)
<u>(7,442)</u>	Any other items for which the cash effects are investing or financing cash flows	<u>(14,894)</u>
<u>(16,415)</u>		<u>(18,122)</u>
(3,782)	Net Cash Flows from Operating Activities	19,278
	Cash Flows from Investing Activities	
(33,087)	Purchase of Property, Plant & Equipment, Investment Property and Intangibles	(50,346)
7,750	Net Changes in Short-term and Long-term Investments	46,750
(6,000)	Other payments for investing activities	(8)
9,083	Proceeds from the Disposal of Property, Plant and Equipment	3,273
8,575	Other receipts from investing activities	16,622
<u>(13,679)</u>	Net Cash Flows from Investing Activities	<u>16,291</u>
	Cash Flows from Financing Activities	
(12,233)	Repayments of borrowing	(2,310)
1,988	Other payments for financing activities	(4,344)
<u>(10,245)</u>	Net Cash Flows from Financing Activities	<u>(6,654)</u>
(27,707)	Net Increase/(Decrease) in Cash and Cash Equivalents	28,915
39,400	Cash and Cash Equivalents at the Beginning of the Period	11,693
11,693	Cash and Cash Equivalents at the End of the Period	40,608
	The cash flows for operating activities include the following items:	
2,783	Interest Receivable and Similar Income	6,591
(11,771)	Interest Payable and Other Similar Charges	(11,384)

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 2023/24 (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 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

To record the cost of holding non-current assets during the year services are debited with:

- 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 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 implementation. Gains 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 & Infrastructure Assets	Shorter of remaining life or up to 60 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 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 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 start 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 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 capital financing arrangements. 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 service delivery, 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. Disposal receipts (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.

Disposal amounts 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 capital financing arrangements. 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 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 during 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;
 - unitised 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 notional debits and credits for retirement benefits and replace them with debits for cash paid to the pension fund and pensioners and any such amounts payable but unpaid at year end. The negative balance on the Pensions Reserve thereby measures the beneficial impact 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.

Unusable reserves (the Revaluation Reserve, Capital Adjustment Account, Short-term Accumulating Compensated Absences Account, Collection Fund Adjustment Account and Pension Reserve) are used to manage accounting processes and are unusable resources for the Council.

Financial Instruments

Recognition

Financial assets and financial liabilities arising 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 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 2024/25 Code and where disclosures are required in the 2023/24 financial statements are:

1. Implementation of IFRS16 Leases
2. Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022.
3. Amendments to IAS1 Presentation of Financial Statements- Classification of Liabilities as Current or Non-current issued in January 2020 and Non-current liabilities with Covenants issued in October 2022.
4. Amendments to IAS 12 International Tax Reform: Pillar Two Model Rules- issued in May 2023.
5. Supplier Finance Arrangements amending IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

These changes are not expected to have a material effect on the Council's 2024/25 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 (over £2.5m) are valued yearly and Council Dwellings are also valued at least once a year. The remaining assets not being valued yearly are not material.

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

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 amounts reported for revenues and expenses during the year. The nature of estimation means actual outcomes could differ from those estimates. 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 £59.574m in the Balance Sheet and change the annual depreciation charge by £0.993m 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 £7.289m. A 5% change in value of Council assets categorised as Investment properties would affect the carrying value of these assets by £3.207m.

Provision for Outstanding Business Rates Appeals

On 1 April 2013, Local Authorities assumed the liability for refunding ratepayers who successfully appeal 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 guidance from CIPFA and LG Futures. The carrying amount of the Provision is £19.2m, of which the Councils share is £7.681m. An increase in the success rate by 5% would change the required provision by £0.96m, affecting the surplus/deficit on the Collection Fund distributed to the preceptors and Central Government.

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 2024 as follows:

	2023/24 £'000
0.1% decrease in the real discount rate	4,273
1 year increase in member life expectancy	9,459
0.1% increase in salary increase rate	164
0.1% increase in the pension increase/Revaluation rate (CPI)	4,188

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

5. Events After the Balance Sheet Date

The draft Statement of Accounts were authorised for issue by the Chief Finance Officer on 23rd May 2024. 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 2024.

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

	2022/23			2023/24		
	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
	15,964	3,742	19,705	15,869	4,243	20,112
	791	2,285	3,075	1,086	5,093	6,179
	11,698	3,909	15,607	10,792	1,092	11,884
	(13,527)	16,875	3,348	(14,908)	30,503	15,596
	14,925	26,810	41,735	12,840	40,931	53,772
	(8,514)	(16,131)	(24,645)	(20,891)	(13,170)	(34,061)
	6,411	10,679	17,090	(8,051)	27,761	19,711
			2022/23 £'000			2023/24 £'000
			(35,488)	Opening Balance: General Fund, Earmarked Reserves & HRA Balance		(29,077)
			6,411	Less Surplus/Deficit on Provision of Services		(8,051)
			(29,077)	Closing Balance on General Fund, Earmarked Reserves and HRA Balance		(37,128)

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
2023/24	£'000	£'000	£'000	£'000
Finance and Resources (GRF)	5,028	(801)	16	4,243
Housing and Community (GRF)	5,046	37	10	5,093
Strategic Planning & Environment (GRF)	991	91	10	1,092
Housing and Community (HRA)	30,809	(314)	9	30,503
Net Cost of Services	41,873	(986)	44	40,931
Other Income and Expenditure	(15,240)	157	1,913	(13,170)
(Surplus)/Deficit on Provision of Services	26,633	(829)	1,957	27,761

	Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Adjustments	Total Adjustments Between Funding & Accounting Basis
2022/23	£'000	£'000	£'000	£'000
Finance and Resources (GRF)	3,291	453	(2)	3,742
Housing and Community (GRF)	1,433	852	0	2,285
Strategic Planning & Environment (GRF)	1,721	2,178	10	3,909
Housing and Community (HRA)	15,955	924	(4)	16,875
Net Cost of Services	22,399	4,407	4	26,810
Other Income and Expenditure	(1,000)	1,839	(16,970)	(16,131)
(Surplus)/Deficit on Provision of Services	21,398	6,246	(16,965)	10,679

7. Expenditure and Income Analysed by Nature

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

2022/23 £'000		2023/24 £'000
	Expenditure	
46,857	Employees (including pension adjustments)	42,513
20,518	Premises	25,887
2,208	Transport	2,243
16,089	Supplies & Services	17,213
33,912	Third Party & Transfer Payments	34,717
38,544	Capital Charges/Revaluations	58,796
1,015	Parish Precepts	1,234
11,771	Interest Payments	11,480
5,631	Non Current assets written off as part of disposal gain	1,853
0	Payments to the Housing Receipts Pool	0
176,545	Total Expenditure	195,935
	Income	
(83,185)	Fees, Charges and Other Service Income	(92,904)
(3,709)	Interest & Investment Income	(6,184)
(13,907)	Income from Council Tax	(14,592)
(718)	Income from Business Rates	(2,081)
(48,961)	Government Grants & Other Contributions	(57,236)
(8,974)	Sale proceeds on asset disposal and lease amortisation	(3,228)
(159,455)	Total Income	(176,225)
17,090	(Surplus) or Deficit on the Provision of Services	19,711

8. Other Operating Expenditure

2022/23 £'000		2023/24 £'000
1,015	Parish Council Precepts	1,234
0	Payments to the Government Housing Capital Receipts Pool	0
(3,343)	(Gains)/Losses on the Disposal of Non Current Assets	(1,375)
(2,328)	Total	(142)

9. Financing and Investment Income & Expenditure

2022/23		2023/24
£'000		£'000
11,771	Interest Payable and Other Similar Charges	11,480
(3,709)	Interest Receivable and Similar Income	(6,184)
1,839	Net Interest on the Net Defined Benefit Liability/Asset	157
(5,117)	Rental Income from Investment Property	(5,165)
788	Direct Operating Expenses Arising from Investment Property	877
(318)	Changes In Fair Value of Investment Property	1,361
5,254	Total	2,525

10. Taxation and Non-Specific Grant Income

2022/23		2023/24
£'000		£'000
(13,907)	Council Tax Income	(14,592)
1,115	Non Domestic Rates Income & Expenditure	(50)
(7,337)	Non-ring-fenced Government Grants	(6,908)
(7,441)	Capital Grants and Contributions	(14,894)
(27,570)	Total	(36,445)

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 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.

2023/24	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	(1,691)		(11,153)	(50)		12,894
Amortisation of Intangible Assets	160					(160)
Non Current Asset Depreciation & revaluation	6,083		8,884			(14,967)
HRA impairment reversal			21,924			(21,924)
Movements Investment Property fair value	1,361					(1,361)
Non-current assets written off as part of disposal gain	12		1,841			(1,853)
<u>Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement (CIES):</u>						
Minimum Revenue Provision/HRA debt repayment	(332)		(2,310)			2,642
Revenue Expenditure Funded From Capital Under Statute	4,821					(4,821)
Capital expenditure funded by Reserves	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	(121)		(3,106)		3,228	0
Repayment of Capital Loans					10	(10)
Use of Capital Receipts to finance capital expenditure					(10,845)	10,845
Adjustments involving the Major Repairs Reserve:						
HRA Depreciation		15,563				(15,563)
Loan Repayment Funded by the MRR		(2,310)	2,310			0
Use of MRR to Finance Capital Expenditure		(17,658)				17,658
Adjustments involving the Capital Grant Unapplied Account						
Capital Grants and Contributions unapplied credited to the CIES	(2,050)			2,050		0
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CIES	3,915		1,832			(5,747)
Employer's pension contributions to pension fund payable in the year	(4,480)		(2,096)			6,576
Adjustments involving the Financial Instruments Adjustment Account:						
Discounts incurred and charged to the CIES	61					(61)
Adjustments involving the Collection Fund Adjustment Account:						
Amount council tax & business rates credited to the CIES differs from that calculated under statutory requirements	1,852					(1,852)
Adjustments involving the Accumulated Absences Reserve:						
Absences Accrual transferred to the Accumulated Absences Account	35		9			(44)
Adjustments Between Accounting Basis & Funding Basis Under Regulations	9,626	(4,405)	18,134	2,000	(7,607)	(17,749)

2022/23	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	(1,733)	0	(3,724)	(20)	0	5,478
Amortisation of Intangible Assets	118	0	0	0	0	(118)
Non Current Asset Depreciation & revaluation	4,121	0	(815)	0	0	(3,306)
HRA impairment reversal	0	0	16,769	0	0	(16,769)
Movements Investment Property fair value	(319)	0	0	0	0	319
Non-current assets written off as part of disposal gain	115	0	5,515	0	0	(5,631)
<u>Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement (CIES):</u>						
Minimum Revenue Provision/HRA debt repayment	(332)	0	(1,370)	0	0	1,702
Revenue Expenditure Funded From Capital Under Statute	2,206	0	0	0	0	(2,206)
Capital expenditure funded by Reserves	(350)	0	0	0	0	350
Adjustments involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited to CIES as part of the gain/loss on disposal	(93)	0	(8,881)	0	8,974	0
Repayment of Capital Loans	0	0	0	0	50	(50)
Use of Capital Receipts to finance capital expenditure	0	0	0	0	(15,760)	15,760
Adjustments involving the Major Repairs Reserve:						
HRA Depreciation	0	16,465	0	0	0	(16,465)
Loan Repayment Funded by the MRR	0	(1,370)	1,370	0	0	0
Use of MRR to Finance Capital Expenditure	0	(15,495)	0	0	0	15,495
Adjustments involving the Capital Grant Unapplied Account						
Capital Grants and Contributions unapplied credited to the CIES	(1,984)	0	0	1,984	0	0
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CIES	10,014	0	2,694	0	0	(12,708)
Employer's pension contributions to pension fund payable in the year	(5,082)	0	(1,380)	0	0	6,462
Adjustments involving the Financial Instruments Adjustment Account:						
Discounts incurred and charged to the CIES	(546)	0	0	0	0	546
Adjustments involving the Collection Fund Adjustment Account:						
Amount council tax & business rates credited to the CIES differs from that calculated under statutory requirements	(5,639)	0	0	0	0	5,639
Adjustments involving the Accumulated Absences Reserve:						
Absences Accrual transferred to the Accumulated Absences Account	8	0	(4)	0	0	(4)
Adjustments Between Accounting Basis & Funding Basis Under Regulations	505	(400)	10,174	1,964	(6,737)	(5,506)

12. Earmarked Reserves

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

	Balance 31/03/2023	Transfers Out 2023/24	Transfers in 2023/24	Balance 31/03/2024
	£'000	£'000	£'000	£'000
General Fund Reserves:				
Funding Equalisation	7,198	(607)	4,395	10,986
Dacorum Development	3,358	(577)	1,838	4,618
Pensions Reserve	2,054	0	600	2,654
Savings Efficiency	881	(138)	1,124	1,867
SANG Reserve	153	0	1,378	1,531
Inflationary Pressure Reserve	298	0	750	1,048
Technology Reserve	741	(12)	0	729
Management of Change	726	(119)	0	607
Local Development Framework	547	0	0	547
Invest to Save	42	(20)	458	480
Leisure Reserve	330	0	95	425
Uninsured Loss	360	0	0	360
Litigation Reserve	317	(57)	0	260
Economic Recovery	1,082	(895)	0	187
Other Under £250k	868	(180)	146	834
Total General Fund Reserves	18,955	(2,604)	10,784	27,134
Housing Revenue Account Reserves:				
Strategic Acquisition	4,041	(168)	0	3,873
Lift Renewal & Replacement Reserve	351	0	21	372
Other HRA (Under £250k)	338	(151)	4	191
Total HRA Reserves	4,731	(319)	25	4,436
Total Earmarked Reserves	23,685	(2,923)	10,809	31,570

13. Members' Allowances

The following amounts were due to Members:

2022/23		2023/24
£'000		£'000
443	Salaries (Basic & Special allowances)	487
1	Allowances (Broadband)	0
1	Expenses (Travel & Subsistence)	1
445	Total	489

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.

2022/23	Total Remuneration	2023/24
32	£50,000 - £54,999	31
9	£55,000 - £59,999	23
9	£60,000 - £64,999	9
4	£65,000 - £69,999	5
1	£70,000 - £74,999	6
5	£75,000 - £79,999	3
4	£80,000 - £84,999	3
0	£85,000 - £89,999	3
0	£90,000 - £94,999	1
1	£100,000 - £104,999	0
0	£105,000 - £109,999	1
65	Total	85

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

2023/24	Salary including Fees & Allowances £	Benefit in Kind £	Pension Contributions £	Total £
Chief Executive- Claire Hamilton	155,169	743	28,863	184,775
Strategic Director Corporate & Commercial Services	126,848	0	24,735	151,583
Strategic Director People & Transformation	120,257	0	22,638	142,894
Strategic Director Place	109,514	0	21,355	130,869
Strategic Director Housing and Property Services	108,201	0	21,099	129,300
Assistant Director Legal & Democratic Services	101,680	0	19,828	121,508
Chief Finance Officer	100,608	0	19,828	120,436
Strategic Director Neighbourhood Operations (started 18/09/2023)	54,877	0	10,701	65,578

2022/23	Salary including Fees & Allowances £	Pension Contributions £	Total £
Chief Executive	147,595	27,305	174,900
Deputy Chief Executive (01/08/2022-31/01/2023)	116,948	11,683	128,631
Strategic Director Place	100,432	18,578	119,010
Assistant Director Legal & Democratic Services	96,360	17,827	114,187
Chief Finance Officer	96,360	17,827	114,187
Strategic Director People & Transformation- started 06/06/2022	84,784	15,685	100,469
Strategic Director Corporate & Commercial Services- started 01/08/2022	79,127	14,638	93,765
Chief Housing Officer (started 23/01/2023)	18,682	3,456	22,138

There were no benefits in kind received by Senior Officers in 2022/23.

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	
	23/24	22/23	23/24	22/23	23/24	22/23	23/24	22/23
£0 - £20,000	0	0	0	1	0	1	0	10
£20,001 - £40,000	0	0	1	1	1	1	23	25
£40,001 - £60,000	1	0	0	2	1	2	44	100
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
Total	1	0	1	4	2	4	67	135

15. Related Party Transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have potential to control or influence the Council or 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.

Herts Building Control Limited (HBC)

In December 2019, the Council joined Herts Building Control Limited. Herts Building Control Limited is a fully integrated building control service owned by 8 local authorities, each owning a 12.5% share and having representation on the board. The Strategic Director Place is a director on behalf of the Council. The Strategic Director Corporate and Commercial Services is a shareholder. During 19/20, a £107K loan was provided, which is included within long term debtors and attracts 4% interest per annum. During 23/24, the council incurred expenditure with HBC of £160k. There were no material amounts due to or from the Council and Herts Building Control as at 31st March 2024. 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.

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 2023/24 is shown in note 13. Disclosures of interest have been made for 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

Notes to the Accounts

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 2023/24 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 2023/24	Income 2023/24	Amount owed by/(to) the Council 31/03/2024	Nature of Transaction
		£'000	£'000	£'000	
Community Action Dacorum	Cllrs Allen, Birnie and Symington	254.2	(0.2)	0	Grants
West Hertfordshire Crematorium Committee	Cllr Douris	0.0	(101.2)	(50)	Contribution, licence fees & environmental protection
Hemel Business Improvement District (BID)	James Doe	80.7	(5.0)	28	Grants Creditor: BID Levy
Dacorum Heritage Trust	Cllr Allen	62.1	(0.3)	0	Grants
Hospice of St Francis	Cllr Symington	0.3	(16.3)	(4)	Rent & Service Charges
Chiltern Conservation Board	Cllr Symington	8.1	0.0	0	Annual Contribution
POS Enterprise	James Doe	4.6	0.0	1	Participation Fee
Hawthorne Consultancy/James Cannaford	Cllr Santamaria	0.0	(3.0)	0	Rent
Stage Two Ltd	Cllr Douris	0.5	(1.6)	0	Garage rent & hire of Sound equipment
Coffee and Wine	Cllrs Claire and Sadie Hobson	0.0	(1.4)	0	Licensing & commercial waste

In addition to the above, during 2022/23, the Council provided an interest bearing loan of £6m to the other 4 local authority members of the West Herts Crematorium committee (£1.5m per authority) for building a new crematorium. This loan was outstanding at 31/03/2024 and is included in long term debtors. Interest receivable was £0.329m in 2023/24 and the related debtor was £0.247m at 31/03/2024.

Cllr Graeme Elliot and his wife own leasehold properties, which incur service charge, maintenance and ground rent expenditure with the Council. At 31/03/2024 Cllr Elliot owed Dacorum £1.35k for maintenance works, this is being repaid in instalments. Cllrs Adeleke, Douris, Hobson and Pound all rent garages from the Council. Cllr Bromham rents an allotment from the Council. Cllr Brenda Link is a Council tenant and Cllr Carrie Link is a related party of a Council tenant.

16. External Audit Costs

The Public Sector Audit Appointments (PSAA) appointed KPMG LLP to act as the Council's external auditors for 5 years, starting with the 2023/24 audit. The Council has incurred the following costs for the audit of the Statement of Accounts and certification of grant claims by KMPG LLP.

2022/23		2023/24
£'000		£'000
0	External audit services carried out by the appointed auditor for the year	192
0	Certification of grant claims and returns for the year	45
0	Total	237

The 2022/23 audit of the Statement of Accounts and certification of grant claims was conducted by the external auditors Grant Thornton UK LLP. The following costs were incurred:

2022/23		2023/24
£'000		£'000
64	External audit services carried out by the appointed auditor for the year	0
45	Previous Years external audit services carried out by the appointed auditor for the year	19
(2)	Certification of grant claims and returns for previous years	30
23	Certification of grant claims and returns for the year	0
130	Total	49

Audit fees are subject to review by the Public Sector Audit Appointments. In 2024/25 the Council will receive £26k of Redmond Review grant relating to 2023/24 audit fees (£28k received in 2022/23).

17. Revenue Grant Income

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

2022/23		2023/24
£'000	Non Specific Grant Income	£'000
(1,294)	New Homes Bonus	(721)
(5,345)	Business Rates Relief	(4,933)
0	Funding Guarantee	(850)
(138)	Lower Tier Services Grant	0
(208)	Services Grant	(122)
(352)	Other	(283)
(7,337)	Total	(6,908)
£'000	Grants Credited to Services	£'000
(31,197)	Benefits Subsidy and Administration	(31,779)
(120)	Covid-19 Business Support Grants - Council acting as principal	(3)
(2,829)	Other	(3,637)
(34,146)	Total	(35,419)

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 have not been satisfied at the Balance Sheet date. In year movements are:

2022/23 £'000	Revenue Grants and Other Contributions	2023/24 £'000
(15,143)	As of the Beginning of the Period	(4,099)
(4,221)	Receipts	(3,690)
15,265	Conditions Satisfied	4,369
(4,099)	Closing Balance	(3,420)

The balances of the revenue grants are as follows:

2022/23 £'000	Revenue Grants Yet to be Recognised as Income	2023/24 £'000
(469)	Homelessness Support Grant	(469)
(1,772)	Strategic & Planning Delivery Grants	(1,166)
(10)	Public Health	(10)
(573)	Refugee Grant	(1,110)
(97)	Test and Trace Support Grant	(67)
(7)	Council Tax- Energy Rebate Scheme - acting as principal	0
(415)	Other	(542)
(3)	Covid- 19 Business Support Grants acting as principal	0
(3,346)	Total	(3,364)

In addition, within the Revenue Grants and Contributions Current liabilities line on the Balance Sheet, the Council holds £0.056m (£0.026m in 2022/23) relating to Covid Business Support Grants and £0.729m in 2022/23 for the Council tax energy rebate scheme, both of which the Council is acting as agent.

2022/23 £'000	Capital Grants and Contributions yet to be recognised as income	2023/24 £'000
1,424	As of the Beginning of the Period	2,421
5,096	Receipts	14,725
(4,099)	Conditions Satisfied	(12,790)
2,421	Closing Balance	4,356

2022/23 £'000	Breakdown of Capital Grants and Contributions yet to be recognised as income	2023/24 £'000
(1,083)	Disabled Facilities Grant	(1,308)
(1,338)	Other	(3,048)
(2,421)	Total	(4,356)

19. Long Term Creditors

2022/23 £'000		2023/24 £'000
257	Other Entities and Individuals (2 leases)	257
257	Total Long-term Creditors	257

20. Short-term Creditors

2022/23		2023/24
£'000		£'000
12,086	Central Government Bodies	9,840
2,596	Other Local Authorities	1,604
16,193	Other Entities and Individuals	21,729
30,875	Total Short-term Creditors	33,172

21. Long-term Debtors

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

2022/23		2023/24
£'000		£'000
6,000	Other Local Authorities	6000
241	Other Entities and Individuals	249
6,241	Total Long-term Debtors	6,249

This includes a bad debt provision of £36k 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.

2022/23		2023/24
£'000		£'000
5,091	Central Government Bodies	3,063
4,705	Other Local Authorities	5,730
13,093	Other Entities and Individuals	14,876
22,889	Total Short-term Debtors	23,669

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

2022/23		2023/24
£'000	Bad Debt Impairment Allowances	£'000
2,385	Sundry Debtors	2,520
2,126	Housing Rents and Garages	2,131
307	Council Tax/Summons Fees	340
1,797	Business Rates/Summons Fees	1,718
1,379	Benefits Overpayments	1,231
7,993	Total Bad Debt Provisions	7,940

23. Contingent Liabilities

The council has no material contingent liabilities.

24. Provisions

The Council maintains the following provisions:

	Balance as at 31 March 2023 £'000	Contribution to Provision £'000	Use of Provision £'000	Amounts Reversed Unused £'000	Balance as at 31 March 2024 £'000
General Fund Provisions					
Insurance- General Fund	492	301	(99)	(295)	399
Business Rates Appeals	7,161	797	(176)	(102)	7,680
Total General Fund	7,653	1,098	(275)	(397)	8,080
Water Charges- HRA	900	0	(1)	(650)	249
Insurance-HRA	402	792	(369)	(138)	687
Total HRA	1,302	792	(370)	(788)	936
Total Short-term Provisions	8,955	1,890	(645)	(1,184)	9,016

	Balance as at 31 March 2022 £'000	Contribution to Provision £'000	Use of Provision £'000	Amounts Reversed Unused £'000	Balance as at 31 March 2023 £'000
General Fund Provisions					
Insurance- General Fund	569	67	(42)	(102)	492
Business Rates Appeals	6,092	1,069	0	0	7,161
Total General Fund	6,661	1,137	(42)	(102)	7,653
Water Charges- HRA	902	0	(3)	0	900
Insurance-HRA	408	393	(276)	(122)	402
Total HRA	1,310	393	(279)	(122)	1,302
Total Short-term Provisions	7,971	1,530	(321)	(224)	8,955

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.

25. Property, Plant & Equipment

	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
2023/24							
Cost / Valuation at the beginning of the period	1,244,675	145,546	20,584	5,592	6,892	26,042	1,449,331
Depreciation written out to Gross Carrying Amount on Revaluation	(15,567)	(1,738)	0	0	0	0	(17,305)
Revaluation increases recognised in the Revaluation Reserve	162,367	9,871					172,238
Revaluation decreases recognised in the Revaluation Reserve	(200,180)	(6,111)			(314)		(206,605)
Revaluation increases/(decreases) recognised in the(Surplus)/Deficit on Provision of Services	(8,884)	(2,016)			(298)		(11,197)
Additions	27,017	746	1,095			24,466	53,324
Impairment recognised in the(Surplus)/Deficit on Provision of Services	(21,924)	(42)					(21,966)
Reclassifications	5,828	129				(5,917)	40
Assets reclassified (to)/from Assets Held for Sale	0	0					0
Disposals	(1,849)	(5)	(55)				(1,910)
Cost / Valuation at the end of the period	1,191,482	146,382	21,623	5,592	6,280	44,591	1,415,950
Accumulated Depreciation at the beginning of the period	0	(618)	(10,602)	(546)	0	0	(11,766)
Depreciation Charge	(15,576)	(1,719)	(1,775)	(221)			(19,291)
Reclassifications							0
Depreciation written out to Gross Carrying Amount on Revaluation	15,567	1,738					17,305
Assets reclassified to Assets Held for Sale	0						0
Disposals	9	0	49				58
Accumulated Depreciation at the end of the period	(0)	(600)	(12,328)	(767)	0	0	(13,695)
Net Book Value At 31 March 2024 (all owned, no finance leases)	1,191,482	145,782	9,296	4,825	6,280	44,591	1,402,255

Notes to the Accounts

2022/23	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 year	1,165,808	137,361	20,127	5,562	6,877	15,715	1,351,450
Depreciation written out to Gross Carrying Amount on Revaluation	(16,451)	(1,704)	(37)	0	0	0	(18,192)
Revaluation increases recognised in the Revaluation Reserve	100,015	7,258	149	0	150	0	107,572
Revaluation decreases recognised in the Revaluation Reserve	(1,711)	(1,877)	0	0	(1,235)	0	(4,823)
Revaluation increases/(decreases) recognised in the(Surplus)/Deficit on Provision of Services	815	(35)	0	0	(325)	0	455
Additions	17,104	1,090	1,027	30	0	15,233	34,484
Impairment recognised in the(Surplus)/Deficit on Provision of Services	(16,768)	0	0	0	0	0	(16,768)
Reclassifications	1,408	3,564	0	0	1,425	(4,906)	1,491
Assets reclassified (to)/from Assets Held for Sale	0	0	0	0	0	0	0
Disposals	(5,545)	(110)	(682)	0	0	0	(6,337)
Cost / Valuation at the end of the year	1,244,675	145,547	20,584	5,592	6,892	26,042	1,449,332
Accumulated Depreciation at the beginning of the year	0	(682)	(9,479)	(309)	0	0	(10,470)
Depreciation Charge	(16,481)	(1,642)	(1,836)	(237)	0	0	(20,196)
Reclassifications	0	0	0	0	0	0	0
Depreciation written out to Gross Carrying Amount on Revaluation	16,451	1,704	37	0	0	0	18,192
Assets reclassified to Assets Held for Sale	0	0	0	0	0	0	0
Disposals	30	1	676	0	0	0	707
Accumulated Depreciation at the end of the year	0	(619)	(10,602)	(546)	0	0	(11,767)
Net Book Value At 31 March 2023 (all owned, no finance leases)	1,244,675	144,928	9,982	5,046	6,892	26,042	1,437,565

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 not completed at year-end is treated as an Asset under construction. When the scheme completes the costs are transferred from assets under construction to the relevant PPE or investment property line.

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

Council Dwellings and high value assets (over £2.5m) are valued annually. The valuation date is 31st January 2024, with the exception of dwellings which are the 31st March 2024. The remaining assets are valued on a five year cycle. Within other Land and Buildings the Council revalued £128.9m 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. £6.28m of surplus assets were revalued in year. 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. A review is carried out at the balance sheet date for other land and buildings to determine if asset value movements since the last valuation or review are material. This review determined indexation was required for depreciated replacement cost assets, non specialised offices, industrial and development land not valued in year.

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 2024 are:

Contract	Contractor	Estimated Value £'000
Total Asset Management	Cardo (South) Ltd	34,445
Development of Residential Accommodation at Paradise Depot	ARJ Construction	14,420
Development of Residential Accommodation at Marchmont	Bugler Developments Ltd	8,923
Development of Residential Accommodation at Paradise Fields	Bugler Developments Ltd	8,561
Development of Residential Accommodation at St Margarets Way	Helix Construct Ltd	6,303
Supply of Compact Sweepers	Aebi Schmidt UK Ltd	724

The capital commitment at the 31 March 2023 was £75,090k.

27. Investment Property

2022/23 £'000	Investment Property - Balance Sheet	2023/24 £'000
66,454	As at the beginning of the period	65,265
219	Additions	273
(1,727)	Reclassifications	(40)
0	Disposals	0
319	Net gains/(losses) from fair value movements	(1,361)
65,265	As at the end of the period	64,136

Investment properties were valued at the 31st January 2024 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. A review is carried out at the balance sheet date to determine if asset value movements since the last valuation are material. This review determined movements were not material.

28. Intangible Assets

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

2022/23 £'000	Intangible Assets	2023/24 £'000
As of the beginning of the Period		
802	Gross Carrying Amounts	924
(354)	Accumulated Amortisation	(352)
448	Net Carrying Amount as of the Beginning of the Period	572
230	Reclassifications	0
12	Purchases	166
0	Disposals (net book value)	0
(118)	Amortisation for the Period	(160)
572	Net Carrying Amount as of the End of the Period	578
Comprising:		
924	Gross Carry Amounts	1,090
(352)	Accumulated Amortisation	(512)
572	Net Carrying Amount as of the End of the Period	578

29. Assets Held For Sale

The Council has no assets meeting the definition of assets held for sale in 2022/23 or 2023/24.

30. Revaluation Reserve

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

2022/23 £'000		2023/24 £'000
640,658	Opening Balance	731,846
107,573	Upward revaluation of assets	172,238
(4,823)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(206,605)
(8,865)	Difference between fair value depreciation and historical cost depreciation	(8,183)
(2,697)	Amount written off to the CIES	(919)
731,846	Closing Balance	688,378

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.

2022/23		2023/24
£'000		£'000
431,051	Balance as of beginning of the period	437,173
5,478	Capital grants and contributions applied	12,894
(118)	Amortisation of intangible assets	(160)
(3,306)	Charges for depreciation and Revaluation losses on property, plant and equipment	(14,967)
(50)	Repayment of Loans for Capital	(10)
(16,769)	HRA impairment reversal	(21,924)
8,865	Difference between fair value depreciation and historical cost depreciation	8,183
(16,465)	HRA depreciation	(15,563)
(5,631)	Non-current assets written off to CIES on sale as part of the gain on disposal	(1,853)
2,697	Transfer from the Revaluation Reserve on disposal of assets	919
(2,206)	Revenue expenditure funded from capital under statute	(4,821)
319	Movements in market value of Investment Properties	(1,361)
15,760	Capital receipts applied to capital expenditure	10,845
350	Use of reserves to finance capital expenditure	0
15,495	Use of MRR to finance capital expenditure	17,658
332	Minimum Revenue Provision (MRP)	332
1,370	HRA Debt Repayment	2,309
437,173	Closing Balance	429,654

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.

2022/23		2023/24
£'000	Capital Financing Requirement	£'000
345,051	Opening Capital Financing Requirement	349,349
	Capital Investment:	
34,484	Property, Plant and Equipment	53,324
6,000	Loans treated as capital expenditure	0
162	Heritage Assets	57
219	Investment Property	273
12	Intangible Assets	166
2,206	Revenue Expenditure Funded from Capital under Statute	4,821
43,083	Total Expenditure	58,641
	Sources of Finance:	
(15,760)	Capital Receipts	(10,845)
(5,478)	Government Grants and Other Contributions	(12,894)
(15,845)	Use of Reserves (including Major Repairs Reserve)	(17,658)
(1,702)	Revenue Contributions (including statutory provision for repayment of debt)	(2,641)
(38,785)	Total Financing	(44,038)
349,349	Closing Capital Financing Requirement	363,951
2022/23		2023/24
£'000	Capital Financing Requirement	£'000
4,298	Increase/(Decrease) in underlying need to borrow (unsupported by government financial assistance).	14,604
0	Assets Acquired Under Finance Lease	0
4,298	Increase/(Decrease) in Capital Financing Requirement	14,604

33. Heritage Assets

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

2022/23		2023/24
£'000		£'000
6,839	Land	6,896
1,819	Sculptures/Artwork	1,819
3	Assets managed by Dacorum Heritage Trust	3
296	Civic Regalia and Treasuries	296
8,957	Total	9,015

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 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. All Land Heritage Assets were revalued on 31st March 2021.

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.

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.

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.

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. Around 2,900 of the 100,000 objects at Museum Store 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.

2022/23 £'000	Financial Assets – All carried at Amortised Cost	2023/24 £'000
10,956	Cash Equivalents: Investments with Original Maturities of 3 Months or Less	39,522
1	Cash held by the Council	1
736	Cash: Bank Account Balance/(Overdraft)	1,085
12,129	Short-term Debtors	13,921
6,241	Long-term Debtors	6,249
93,528	Short-term Investments	46,593
0	Long-term Investments	0
123,592	Total	107,372

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.

2022/23 £'000	Financial Liabilities – Amortised Cost	2023/24 £'000
13,788	Short-term Creditors	17,728
188	Long-term Creditors	188
2,762	Short-term Borrowings	4,209
334,808	Long-term Borrowings	331,148
351,546	Total	353,273

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:

- 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:

2022/23 £'000	Financial Liabilities – Fair Value	2023/24 £'000
13,788	Short-term Creditors	17,728
188	Long-term Creditors	188
2,709	Short-term Borrowings	4,121
296,508	Long-term Borrowings	283,215
313,194	Total	305,252

The exit price fair value of £305m 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.

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. £6.4m 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:

2022/23 £'000		2023/24 £'000
2,761	Less than 1 Year	4,209
3,661	Between 1 and 2 Years	4,777
16,222	Between 2 and 5 Years	18,149
48,193	Between 5 and 10 years	56,226
266,732	More than 10 Years	251,996
337,569	Total	335,356

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 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 2024 is:

Credit Risk Rating	Gross carrying amount 2023/24 £'000	Default Rate	12 month expected credit loss £'000
AA-	20,286	between 0.000% and 0.003%	0.0
A+	15,175	between 0.017% and 0.024%	3.0
A	0	N/A	0.0
A-	9,086	between 0.001% and 0.006%	0.3
BBB+	2,047	between 0.011% and 0.011%	0.2
Total	46,593		3.5

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. Long-term debtors comprise of loans to Herts Building Control, other local authorities and parish councils and Community Infrastructure debtors on payment plans due after the 31st March 2025. See note 21 for the impairment allowance. Local authorities and Parish Councils are considered low risk as traditionally they have low risk of default 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 2023/24 or 2022/23.

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

2022/23 £'000	Operating Lease Commitments (DBC as Lessee)	2023/24 £'000
50	Not later than one year	53
48	Later than one year but not later than five years	1
28	Later than five years	27
126	Total Commitments under Operating Leases	82

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:

2022/23		2023/24
£'000	Operating Lease Income (DBC as Lessor)	£'000
3,943	Not later than one year	3,800
12,239	Later than one year but not later than five years	11,873
51,840	Later than five years	51,159
68,022	Total Minimum Lease Income under Operating Leases	66,831

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 2023/24 contingent rents of £1.258m were receivable by the Council (£1.261m in 2022/23).

Finance Leases - Council as Lessee

The Council leases 3 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:

2022/23		2023/24
£'000	Finance Lease Assets	£'000
537	Finance Lease Assets (Council as Lessee)	537

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 in future years while the liability remains outstanding. The minimum lease payments are made up of:

2022/23		2023/24
£'000	Finance Lease Minimum Payments	£'000
0	Current	0
188	Non-current	188
1,532	Finance Costs Payable in Future Years	1,512
1,720	Minimum Lease Payments	1,700

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

2022/23		2023/24
£'000	Commitments Under Finance Leases	£'000
20	Not later than one year	20
80	Later than one year but not later than five years	80
1,620	Later than five years	1,600
1,720	Total Commitments Under Finance Leases	1,700

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 £30.5k (2022/23 £30k). The Council has sub-let these properties. At 31 March 2024 the minimum payments expected to be received under non-cancellable agreements was £92k (£140k at 31 March 2023).

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 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 are in the Comprehensive Income and Expenditure Statement, General Fund Balance and Housing Revenue Account via the Movement in Reserves Statement for the year:

2022/23		2023/24
£'000	Comprehensive Income & Expenditure Statement	£'000
	Cost of Services:	
10,869	Current Service Cost	5,590
0	Past Service Cost/(Gain) – Including Curtailments	0
	Financing and Investment Income and Expenditure:	
1,839	Net Interest Expense	157
12,708	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	5,747
	Other Comprehensive Income & Expenditure:	
23,305	Return on Plan Assets (excluding amounts included in net interest expense)	(10,139)
(4,245)	Actuarial (Gains) & Losses Arising on Changes in Demographic Assumptions	(1,484)
(120,995)	Actuarial Gains & Losses Arising on Changes in Financial Assumptions	(13,354)
32,499	Other	7,736
(69,436)	Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	(17,241)
2022/23		2023/24
£'000	Movement in Reserves Statement	£'000
(12,708)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post Employment Benefits in accordance with the Code	(5,747)
4,467	Employer's Contributions Payable to the Pension Scheme	6,576
(8,241)	Total	829

2022/23		2023/24
£'000	Pension Assets & Liabilities Recognised in the Balance Sheet	£'000
(235,860)	Present value of the defined benefit obligation	(236,470)
232,069	Fair value of plan assets	250,749
(3,791)	Sub-total	14,279

2022/23		2023/24
£'000	Reconciliation of Present Value of Scheme Liabilities	£'000
(315,177)	Liabilities as of the Beginning of the Period	(235,860)
(10,869)	Current Service Cost	(5,590)
(8,557)	Interest Cost	(11,123)
(1,660)	Contributions by Scheme Participants	(1,791)
91,843	Actuarial (Losses)/Gains	7,102
0	Losses on Curtailments	0
8,560	Benefits Paid	10,792
0	Past Service Costs	0
(235,860)	Liabilities as at 31 March	(236,470)

2022/23		2023/24
£'000	Reconciliation of Fair Value of Scheme Assets	£'000
250,191	Assets as of the Beginning of the Period	232,069
6,718	Expected Rate of Return	10,966
(22,407)	Actuarial Gains/(Losses)	10,139
4,467	Employer Contributions	6,576
1,660	Contributions by Scheme Participants	1,791
(8,560)	Benefits Paid	(10,792)
232,069	Closing Fair Value of Scheme Assets	250,749

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.

2022/23		2023/24
£'000	Fair Value of Employer's Assets	£'000
	Quoted Prices in Active Markets	
	<u>Equity Securities</u>	
3,568	Consumer	3,392
1,956	Manufacturing	3,934
1,332	Financial Institutions	2,231
1,943	Health and Care	2,125
4,305	Information Technology	3,478
9,681	<u>Debt Securities</u>	12,784
	<u>Investment Funds and Unit Trusts</u>	
87,449	Equities	94,678
32,520	Bonds	35,926
2,019	Other	1,880
	<u>Cash and Cash Equivalents</u>	
15,597	All	15,753
160,371	Total of Assets with Prices Quoted in Active Markets	176,181

Quoted Prices not in Active Markets		
	<u>Debt Securities</u>	
6,231	Other	6,376
	<u>Private Equity</u>	
20,550	All	21,909
	<u>Real Estate</u>	
17,165	UK Property	17,280
13,261	Overseas Property	12,556
	<u>Investment Funds and Unit Trusts</u>	
267	Infrastructure	379
13,883	Other	15,339
	<u>Derivatives</u>	
342	Foreign Exchange	730
71,698	Total of Assets with Prices Quoted not in Active Markets	74,568
232,069	Total Fair Value of Employers Assets	250,749

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 2022. The principal assumptions used are:

2022/23		2023/24
%	Principal Assumptions	%
3.5	Rate of increase in salaries	3.25
3.0	Rate of increase In pensions	2.75
4.8	Rate of discounting scheme liabilities	4.85
45	Allowance for future retirees to elect to take additional tax-free cash up to HMRC limits pre April 2008 Service	45
45	Allowance for future retirees to elect to take additional tax-free cash up to HMRC limits post April 2008 Service	45

Impact on the Council's Cash Flow

Funding levels are monitored annually, and the next triennial review is due to be based on 31 March 2025 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 2024/25 is £6.445m.

The weighted average duration of liabilities for scheme members is 17 years, based on the last triennial valuation of the fund as at 31 March 2022.

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:

2022/23 £'000	Reconciliation of Fair Value of Scheme Assets	2023/24 £'000
(66,981)	Surplus /(Deficit) as of Beginning of the Period	(3,791)
69,436	Actuarial Gains/(Losses) on Pension Assets and Liabilities	17,241
	Reversal of Items Relating to Retirement Benefits Debited or Credited to the Surplus or Deficit on the Provision of Services in the Comprehensive	
(12,708)	Income and Expenditure Statement	(5,747)
6,462	Employer's Pension Contributions	6,576
(3,791)	Surplus/(Deficit) as of End of the Period	14,279

Asset Ceiling

Following the pensions valuation by the actuary, Hymans Robertson LLP, the fair value of the Council's pension plan assets outweighed the present value of the plan obligations at 31 March 2024, resulting in a pension plan asset for the first time. Accounting standards require where a pension plan asset exists, it is measured at the lower of:

- The surplus in the defined benefit plan; and
- The asset ceiling.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The actuary calculated the asset ceiling as the present value of future service costs less present value of future service contributions. This leads to the following adjustment in the accounts:

2022/23 £'000		2023/24 £'000
n/a	Net Asset Prior to the Asset Ceiling	14,279
n/a	Effect of the asset ceiling on net asset/liability	(31,553)
	Net Asset /(Liability) with asset ceiling	(17,274)

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 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.

2022/23 £'000		2023/24 £'000
	Income	
(57,656)	Dwelling Rents (Gross)	(62,060)
(97)	Non Dwelling Rents (Gross)	(98)
(1,905)	Charges for Services & Facilities	(2,637)
(890)	Contributions towards Expenditure	(1,330)
(60,549)	Total Income	(66,124)
	Expenditure	
16,713	Repairs and Maintenance	20,002
14,324	Supervision and Management	14,789
192	Rents, Rates, Taxes and Other Charges	127
280	Increase in Allowance for Bad and Doubtful Debts	462
32,388	Depreciation and Impairment of Non Current Assets	46,340
63,897	Total Expenditure	81,720
3,348	Net Expenditure/(Income) of HRA Services as Included in the Comprehensive Income & Expenditure Statement (CIES)	15,596
382	HRA Share of Corporate and Democratic Core	418
5,193	Other recharges to the HRA	5,337
5,576	Total recharge to HRA	5,755
	HRA Share of Operating Income & Expenditure Included in the Comprehensive Income & Expenditure Account	
(3,365)	(Gain)/Loss on Disposal of Non-Current Assets	(1,266)
(1,084)	Interest and Investment Income	(1,985)
11,302	Interest Payments	11,266
390	Net Interest on the Net Defined Benefit Liability	50
(3,724)	Capital Grants and Contributions Received	(11,153)
12,441	(Surplus)/Deficit for the Year on HRA Services	18,263

Housing Revenue Account

Statement of Movement on the Housing Revenue Account

2022/23 £'000		2023/24 £'000
2,892	Balance as at 1 April	2,891
	Movement in Reserves:	
(12,441)	Surplus/(Deficit) on Provision of Services	(18,263)
	Adjustments Between Accounting Basis & Funding Basis Under Regulations:	
(3,724)	Capital Grants and Contributions Applied	(11,153)
(4)	Reversal of Employee Leave Accrual	9
15,954	Reversal Revaluation & Impairment (Gains)/Losses on Property	30,808
5,515	Amounts of non-current assets written off on sale as part of the gain on disposal to the CIES	1,841
(8,881)	Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	(3,106)
(1,370)	Debt Repayment Provision	(2,310)
1,370	Loan Repayment from Major Repairs Reserve	2,310
2,694	Reversal of retirement benefits items debited or credited to the CIES	1,832
(1,380)	Employer's Pension Contributions to Pension Fund Payable in the year	(2,096)
10,174	Total Adjustments Between Accounting Basis and Funding Basis Under Regulations	18,134
(2,267)	Net Increase/(Decrease) Before Transfers to Earmarked Reserves	(129)
2,266	Transfer (to)/from Earmarked Reserves	294
2,891	Balance as at 31 March	3,058

Notes to the Housing Revenue Account

1. Value of HRA Property, Plant and Equipment

2022/23 £'000		2023/24 £'000
1,240,265	Council Dwellings	1,187,660
1,304	Other Land & Building	4,137
154	Vehicles, Plant, Furniture and Equipment and intangibles	124
25,083	Assets Under Construction	43,855
1,266,806	Net Book Value as at 31 March	1,235,776

Council dwellings had an existing use assuming vacant possession valuation of £3,140 million as at 31st March 2024. 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

31/03/2023		31/03/2024
3,774	Flats	3,766
6,256	Houses	6,274
21	Hostel	21
10,051	Total Dwellings	10,061

3. Rent Arrears

2022/23		2023/24
£'000		£'000
2,192	Rent - Current Arrears	2,317
529	Rent - Former Arrears	487
514	Supporting People and Other	635
3,234	Total Arrears:	3,439
(2,089)	Provision for Bad and doubtful Debts	(2,109)
1,145	Total Rent Arrears:	1,330

4. Capital Financing

2022/23		2023/24
£'000		£'000
34,884	Total Capital Expenditure	54,254
	Financed by:	
(15,665)	Capital Receipts	(8,199)
(15,495)	Major Repairs Reserve	(17,658)
(3,724)	Capital Grants & Contributions	(11,153)
0	Borrowing	(17,245)
(34,884)	Total Financing	(54,254)

5. Capital Receipts from the sale of HRA assets:

2022/23		2023/24
£'000		£'000
8,662	Sale of HRA Dwellings	2,935
166	Other receipts including easements, deed of release & covenants	172
52	Discount Repaid	0
8,881	Total Capital receipts	3,106

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.

2022/23		2023/24
£'000		£'000
16,423	Depreciation on Council Dwellings	15,524
(815)	Revaluation on Council Dwellings and Other Land and Buildings	8,884
16,768	Impairment	21,924
30	Depreciation on Vehicle, Plant and Equipment	30
8	Depreciation on Other Land and Building	8
32,414	Total Depreciation and Impairment	46,370

Collection Fund Income and Expenditure Account 2023/24

	Council Tax £'000	Business Rates £'000	Total £'000
Income:			
Council Tax Receivable	125,728	0	125,728
Business Rates Receivable	0	62,210	62,210
Council Tax Discounts funded by Dacorum	189	0	189
Total Income	125,917	62,210	188,127
Expenditure			
<u>Precepts, Demands and Shares</u>			
Hertfordshire County Council	96,213	8,024	104,237
Hertfordshire Police & Crime Commissioner	14,262	0	14,262
Dacorum Borough Council	14,574	32,096	46,670
Central Government (Business Rates Only)	0	40,120	40,120
<u>Charges to Collection Fund</u>			
Transitional Payment Protection	0	(14,514)	(14,514)
Costs of collection	0	208	208
Increase/(decrease) allowances for impairment	717	(60)	658
Increase/(decrease) provision for appeals	0	1,298	1,298
Enterprise Zone & Renewable Energy Growth	0	2,543	2,543
<u>Contribution towards previous year surplus/(deficit)</u>			
Hertfordshire County Council	330	(166)	164
Hertfordshire Police & Crime Commissioner	48	0	48
Dacorum Borough Council	50	(665)	(615)
Central Government (Business Rates Only)	0	(831)	(831)
Total Expenditure	126,195	68,053	194,248
Movement on fund balance	278	5,842	6,120
Balance at beginning of year	(569)	1,102	532
Balance at end of year	(291)	6,944	6,653
Shares of balance			
Hertfordshire County Council	(224)	694	471
Hertfordshire Police & Crime Commissioner	(33)	0	(33)
Dacorum Borough Council	(35)	2,778	2,743
Central Government (Business Rates Only)	0	3,472	3,472
(Surplus)/Deficit	(291)	6,944	6,653

In addition, the Council has £172k in the Collection Fund Adjustment Account on the Balance Sheet relating to designated area growth and renewable energy.

Collection Fund Income and Expenditure Account 2022/23

	Council Tax £'000	Business Rates £'000	Total £'000
Income:			
Council Tax Receivable	118,628	0	118,628
Business Rates Receivable	0	59,365	59,365
Council Tax Discounts funded by Dacorum	(8)	0	(8)
Total Income	118,620	59,365	177,985
Expenditure			
<u>Precepts, Demands and Shares</u>			
Hertfordshire County Council	90,731	6,051	96,782
Hertfordshire Police & Crime Commissioner	13,230	0	13,230
Dacorum Borough Council	13,851	24,203	38,054
Central Government (Business Rates Only)	0	30,254	30,254
<u>Charges to Collection Fund</u>			
Transitional Payment Protection	0	129	129
Costs of collection	0	200	200
Increase/(decrease) allowances for impairment	396	147	543
Increase/(decrease) provision for appeals	0	2,674	2,674
Enterprise Zone & Renewable Energy Growth	0	1,105	1,105
<u>Contribution towards previous year surplus/deficit</u>			
Hertfordshire County Council	(740)	(1,992)	(2,732)
Hertfordshire Police & Crime Commissioner	(107)	0	(107)
Dacorum Borough Council	(115)	(7,967)	(8,082)
Central Government (Business Rates Only)	0	(9,959)	(9,959)
Total Expenditure	117,246	44,845	162,092
Movement on fund balance	(1,373)	(14,520)	(15,893)
Balance at beginning of year	804	15,622	16,426
Balance at end of year	(569)	1,102	533
Shares of balance			
Hertfordshire County Council	(438)	110	(328)
Hertfordshire Police & Crime Commissioner	(64)	0	(64)
Dacorum Borough Council	(67)	441	374
Central Government (Business Rates Only)	0	551	551
	(569)	1,102	533

In addition, the Council has £335k in the Collection Fund Adjustment Account on the Balance Sheet relating to designated area growth and renewable energy and £10k relating to NNDR cost of collection.

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 specified an amount of 49.9p for small businesses; 51.2p for other rateable businesses in 2022/23 and 2023/24 and, subject to the effects of transitional arrangements, local businesses pay NNDR calculated by multiplying their rateable value by that amount. NNDR income was £62.21m in 2023/24 (£59.365m in 2022/23). The rateable value for the Council's area was £197.9m at 31 March 2024 (2022/23: £159.6m).

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 2023/24 was calculated as 59,922.3 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	1,011.50	6/9	674.3
B	6,778.25	7/9	5,272.0
C	18,178.00	8/9	16,158.2
D	14,921.96	9/9	14,922.0
E	8,543.00	11/9	10,441.4
F	5,411.25	13/9	7,816.3
G	4,859.25	15/9	8,098.8
H	766.00	18/9	1,532.0
Totals	60,470.21		64,915.60
Council Tax Support			(4,631.6)
Adjustment for collection rate and contributions in lieu (0.6%)			(361.7)
Council Tax Base 2023/24			59,922.3
Council Tax Base 2022/23			59,328.3

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.



Audit Committee

Report for:	Audit Committee
Title of report:	2023-24 External Auditor’s Year End Report to Audit Committee
Date:	18 th September 2024
Report on behalf of:	Councillor Michela Capozzi, Portfolio Holder for Corporate and Commercial Services
Part:	I
If Part II, reason:	N/A
Appendices:	Appendix A External Auditor’s 2023-24 Year End Report to Audit Committee.
Background papers:	None
Glossary of acronyms and any other abbreviations used in this report:	None

<p>Report Author / Responsible Officer</p> <p>Fiona Jump, Head of Financial Services</p> <p> </p> <p>Fiona.jump@dacorum.gov.uk / 01442 228162 (ext. 2162)</p>
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Corporate Priorities	Ensuring efficient, effective and modern service delivery
Wards affected	All
Purpose of the report:	1. To provide Audit Committee with the External Auditor’s Year End Report for 2023-24
Recommendation to the decision maker:	1. To note the contents of the External Auditor’s Year End Report for 2023-24.

Period for post policy/project review:	An update on progress against the external audit programme is brought to committee on a regular basis.
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1 Background

The Year End Report 2023-24 (Appendix A) is produced by the Council’s external auditors KPMG. The report presents the observations arising from the audit of the Council’s 2023-24 published accounts to those charged with governance to oversee the financial reporting process. Audit Committee holds this responsibility for Dacorum Borough Council.

2 Audit Findings Report

The report covers the following areas:

- Headline audit findings
- Areas of audit risk and audit approach
- Observations on the quality and timelines of information prepared by management
- Value for Money arrangements
- Independence and ethical considerations relating to the external auditor
- Details of fees charged by the external auditor
- Details of audit misstatement
- Auditing developments

Areas of audit testing outstanding are identified within the report.

KPMG will attend Audit Committee on 18th September 2024 to present the report at Appendix A.

3 Financial and value for money implications:

The published accounts are an essential means by which the Council demonstrates its stewardship of the resources and accounts for its financial performance. The External Auditor’s Year End Report provides the external auditors observations on these accounts.

4 Legal Implications

None arising directly from the report. The Council has a statutory obligation to publish its audited accounts by 30th September 2024 under the Accounts and Audit Regulations.

5 Risk implications:

Set out at in Appendix A to this report.

6 Equalities, Community Impact and Human Rights

None arising directly from the report.

7 Sustainability implications (including climate change, health and wellbeing, community safety)

None arising directly from the report.

8 Council infrastructure (including Health and Safety, HR/OD, assets and other resources)

None arising directly from the report.

9 Conclusion

The External Auditor's Year End Report sets out their key findings arising from the audit of the Council's 2023-24 accounts. Members are asked note the report.

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Year End Report to the Audit Committee - DRAFT

Dacorum Borough Council

Year end report for the year ended 31 March 2024

—
September 2024

Important notice

This report is presented under the terms of our audit under Public Sector Audit Appointments (PSAA) contract.

The content of this report is based solely on the procedures necessary for our audit.

Purpose of this report

This Report has been prepared in connection with our audit of the financial statements of Dacorum Borough Council (the 'Council'), prepared in accordance with International Financial Reporting Standards ('IFRSs') as adapted Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, as at and for the year ended 31 March 2024.

This Report has been prepared for the Council's Audit Committee, a sub-group of those charged with governance, in order to communicate matters that are significant to the responsibility of those charged with oversight of the financial reporting process as required by ISAs (UK), and other matters coming to our attention during our audit work that we consider might be of interest, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone (beyond that which we may have as auditors) for this Report, or for the opinions we have formed in respect of this Report.

This report summarises the key issues identified during our audit but does not repeat matters we have previously communicated to you by written communication.

Limitations on work performed

This Report is separate from our audit report and does not provide an additional opinion on the Council's financial statements, nor does it add to or extend or alter our duties and responsibilities as auditors.

Yours sincerely,

Christopher Paisley
Director KPMG LLP
2 September 2024

We have not designed or performed procedures outside those required of us as auditors for the purpose of identifying or communicating any of the matters covered by this Report.

The matters reported are based on the knowledge gained as a result of being your auditors. We have not verified the accuracy or completeness of any such information other than in connection with and to the extent required for the purposes of our audit.

Status of our audit

Our audit is not yet complete and matters communicated in this Report may change pending signature of our audit report. We will provide an oral update on the status. Page 3 'Our Audit Findings' outlines the outstanding matters in relation to the audit.

Our conclusions will be discussed with you before our audit report is signed.

Restrictions on distribution

The report is provided for the information of the Audit Committee of the Council; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.

Our audit findings

Significant audit risks		Pages 5 - 13
Significant audit risks	Our findings	
Management override of controls	Our testing is ongoing. To date we have not identified any indicators of management override of controls	
Valuation of land and buildings	Our testing is ongoing. To date we have not identified any misstatements over the valuation of land and buildings.	
Valuation of investment property	Our testing is ongoing. To date we have not identified any misstatements over the valuation of investment properties.	
Valuation of post retirement benefit obligations	Our work is ongoing. To date we have identified one unadjusted audit difference in respect of the return on planned assets. Additionally, we have challenged the methodology behind the calculation of the 'asset ceiling' within the latest IAS19 actuarial report.	
Key accounting estimates		
Valuation of land and building	Our work to date is ongoing, however from initial review assumptions were found to be neutral.	
Valuation of Investment properties	We involved KPMG valuation experts to assess the assumptions underpinning the year end valuation. Our work to date is ongoing, however from initial review assumptions were found to be neutral.	
Valuation of Pension Liabilities	We involved KPMG actuaries to assess the assumptions underpinning IAS19 valuation. Our work to date is ongoing, however from initial review assumptions were found to be neutral.	

Uncorrected Audit Misstatements	Page 32	
Understatement/ (overstatement)	£m	%
Other Comprehensive income and expenditure	(1.02)	(2.09)
Surplus/(deficit) for the year	0	0
Total assets	1.02	0.06
Total taxpayers' equity	0	0

Misstatements in respect of Disclosures Page 32

To date we have identified no misstatements in respect of disclosures

Number of Control deficiencies

To date we have identified no control deficiencies

Outstanding matters

Our audit is not yet complete, our testing in ongoing for the following outstanding matters

- Review of the predecessor audit file;
- Finalisation of valuation work in respect of Land and Buildings (including HRA) and investment properties;
- Testing of journals that meet our High Risk Criteria, including any material post close transactions;
- Finalisation of our testing of the net pension liability, including the review of updated IAS19 assumptions and the updated asset ceiling calculation;
- Finalisation of testing over non-significant risk areas including debtors, creditors, income and expenditure;
- Consideration of any matters arising (e.g. subsequent events) which may affect our financial statements audit opinion, up until the date of signing our opinion;
- Final review of the Council's financial statements to ensure compliance with the CIPFA code and to ensure the internal consistency and arithmetical accuracy of the financial statements; and
- Receipt of the management representation letter.

Key changes to our audit plan

We have not made any changes to our audit plan as communicated to you on 20 March 2024, other than as follows:

Risk	Risk change	Effect on audit strategy and plan
Expenditure recognition	<p>Practice Note 10 states that the risk of material misstatement due to fraudulent financial reporting may arise from the manipulation of expenditure recognition is required to be considered.</p> <p>Having considered the risk factors relevant to the Council and the nature of expenditure within the Council, we have determined that a significant risk relating to expenditure recognition is not required.</p> <p>Specifically, while the financial position of the Council remains stretched we consider that there are insufficient incentives to manipulate expenditure recognition around year-end. Our risk assessment analysis of the nature of expenditure has not identified any specific risk factors.</p>	We will perform procedures to address the risk of error surrounding expenditure recognition, however we will not perform procedures to specifically address the risk of fraudulent expenditure recognition.

Significant risks and Other audit risks

We discussed the significant risks which had the greatest impact on our audit with you when we were planning our audit.

Our risk assessment draws upon our knowledge of the business, the industry and the wider economic environment in which Dacorum Borough Council operates.

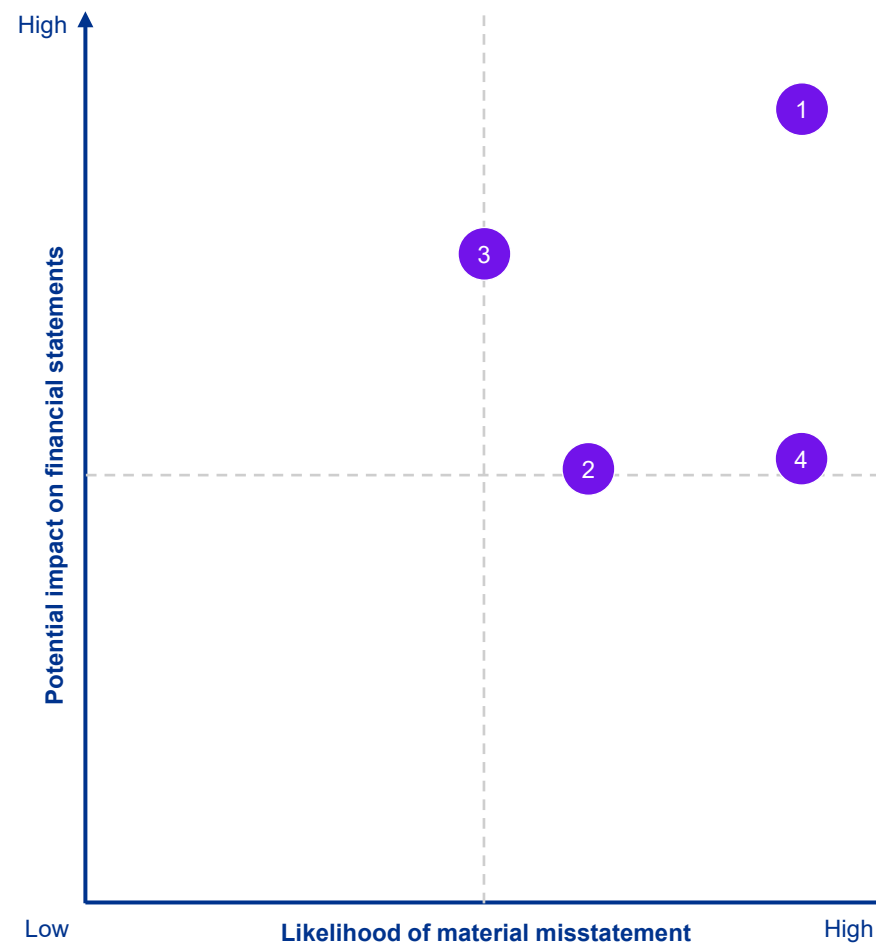
We also use our regular meetings with senior management to update our understanding and take input from local audit teams and internal audit reports.

During our audit we identified changes to our risks of material misstatement as highlighted on the following page

Significant risks

1. Valuation of land and buildings
2. Valuation of investment property
3. Management override of controls
4. Valuation of post retirement benefit obligations

Key: # Significant financial statement audit risks



Audit risks and our audit approach

1

Valuation of land and buildings

The carrying amount of revalued Land & Buildings differs materially from the fair value



Significant audit risk

- The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate fair value at that date. The Council has adopted a rolling revaluation model which sees all land and buildings revalued over a five year cycle. The last full revaluation was performed as at 31st January 2020.
- This creates a risk that the carrying value of assets not revalued in year differs materially from the year end fair value.
- The value of the Council's Land & Buildings at 31 March 2024 was £145.8m.
- The Council undertakes an annual valuation of the housing properties within the HRA. The value of Council Dwellings at 31 March 2024 was £1,191m.



Our response

We have performed the following procedures designed to specifically address the significant risk associated with the valuation:

- We critically assessed the independence, objectivity and expertise of Wilks Head & Eve, the valuers used in developing the valuation of the Council's properties at 31 March 2024.
- We inspected the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information.
- We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used.
- We challenged the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We challenged key assumptions within the valuation as part of our judgement.
- We agreed the calculations performed of the movements in value of land and buildings and verified that these have been accurately accounted for in line with the requirements of the CIPFA Code.
- Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Audit risks and our audit approach (cont.)

1

Valuation of land and buildings (cont.)

The carrying amount of revalued Land & Buildings differs materially from the fair value



Significant audit risk

- The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate fair value at that date. The Council has adopted a rolling revaluation model which sees all land and buildings revalued over a five year cycle. The last full revaluation was performed as at 31st January 2020.
- This creates a risk that the carrying value of assets not revalued in year differs materially from the year end fair value.
- The value of the Council's Land & Buildings at 31 March 2024 was £145.8m.
- The Council undertakes an annual valuation of the housing properties within the HRA. The value of Council Dwellings at 31 March 2024 was £1,191m.



Our findings

- We confirmed the independence, objectivity and expertise of Wilks Head & Eve, the Council's valuation advisors.
- We confirmed that the instructions issued to the valuers for the valuation of land and buildings were appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We confirmed that management reviewed and challenged the valuation and the appropriateness of assumptions used by Wilks Head & Eve.
- We compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information provided by the Council. This testing is ongoing, however to date we have not identified any information used by the valuers which was not supported by underlying Council information.
- We challenged the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We challenged key assumptions within the valuation as part of our judgement. Our testing is ongoing, to date we have not identified any indicators of material misstatement.
- We selected a sample of 25 beacon properties to confirm the appropriateness of the underlying assumption underpinning the valuation, the value of the HRA properties represented by these 25 Beacons was £927.6m. This included comparing the property prices to comparable market data. Our testing is ongoing, to date we have not identified any beacon properties with inappropriate valuations.
- We identified no material misstatements regarding the calculation performed of the movements in value of land and buildings or the subsequent disclosures in respect of the valuation.

Audit risks and our audit approach (cont.)

2

Valuation of investment property

The carrying amount of revalued investment property differs materially from the fair value



Significant audit risk

- The Code defines an investment property as one that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation does not meet the definition of an investment property. At 31 March 2024 the Council had investment property with a total value of £64.1m. While the majority of the properties are individually not material in value, there is significant estimation uncertainty within the reported balance.
- There is a risk that investment properties are not being held at fair value, as is required by the Code. At each reporting period, the valuation of the investment property must reflect market conditions. Significant judgement is required to assess fair value and management experts are often engaged to undertake the valuations.



Our response

We have performed the following procedures designed to specifically address the significant risk associated with the valuation:

- We critically assessed the independence, objectivity and expertise of Wilks Head & Eve, the valuers used in developing the valuation of the Council's investment property at 31 March 2024.
- We inspected the instructions issued to the valuers to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information.
- We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used.
- We challenged the appropriateness of the valuation; including any material movements from the previous revaluations. We challenge key assumptions within the valuation as part of our judgement.
- We agreed the calculations performed of the movements and verify that these have been accurately accounted for in line with the requirements of the CIPFA Code.
- We utilised our own valuation specialists to review the valuation report prepared by the Council's valuers to confirm the appropriateness of the methodology used.
- Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Audit risks and our audit approach (cont.)

2

Valuation of investment property (cont.)

The carrying amount of revalued investment property differs materially from the fair value



Significant audit risk

- The Code defines an investment property as one that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation does not meet the definition of an investment property. At 31 March 2024 the Council had investment property with a total value of £64.1m. While the majority of the properties are individually not material in value, there is significant estimation uncertainty within the reported balance.
- There is a risk that investment properties are not being held at fair value, as is required by the Code. At each reporting period, the valuation of the investment property must reflect market conditions. Significant judgement is required to assess fair value and management experts are often engaged to undertake the valuations.



Our findings

- We confirmed the independence, objectivity and expertise of Wilks Head & Eve, the Council's valuation advisors.
- We confirmed that the instructions issued to the valuers for the valuation of land and buildings were appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We utilised our KPMG Real Estate Valuation specialist who selected a sample of 4 investment properties and 1 property classified as surplus Property Plant & Equipment valued under the Fair Value valuation method, these assets represented a gross value of £27.5m. Testing confirmed that the assumptions underpinning the valuation of these assets were appropriate.
- We identified no material misstatements regarding the calculation performed of the movements in value of investment properties or the subsequent disclosures in respect of the valuation. However there is an ongoing discussion with the Council's external valuer over the assumptions underpinning one of the investment properties.

Audit risks and our audit approach (cont.)

3

Management override of controls^(a)

Fraud risk related to unpredictable way management override of controls may occur



Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- We have not identified any specific additional risks of management override relating to this audit.



Our response

- Our audit methodology incorporates the risk of management override as a default significant risk.
- We assessed accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias;
- We evaluated the selection and application of accounting policies;
- In line with our methodology, we evaluated the design and implementation of controls over journal entries and post closing adjustments;
- We assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates;
- We assessed the business rationale and the appropriateness of the accounting for significant transactions that are outside the Council's normal course of business, or are otherwise unusual;
- We analysed all journals through the year and focussed our testing on those with a higher risk, such as journals with unusual capital spend combinations.

Note: (a) Significant risk that professional standards require us to assess in all cases.

Audit risks and our audit approach (cont.)

3

Management override of controls^(a) (cont.)

Fraud risk related to unpredictable way management override of controls may occur



Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- We have not identified any specific additional risks of management override relating to this audit.



Our findings

- Our testing of journal entries and other adjustments meeting our high-risk criteria is ongoing at the time of preparing our report.
- We evaluated accounting estimates, including the consideration of the valuation of land and building, investment properties and post retirement benefit obligations. We did not identify any indicators of management bias. See pages 6, 8 and 12 respectively for further discussion.
- Our procedures did not identify any significant unusual transactions.

Note: (a) Significant risk that professional standards require us to assess in all cases.

Audit risks and our audit approach (cont.)

4

Valuation of post retirement benefit obligations

An inappropriate amount is estimated and recorded for the defined benefit obligation



Significant audit risk

- The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Council's pension liability could have a significant effect on the financial position of the Council.
- The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Council in completing the year end valuation of the pension deficit and the year on year movements.
- We have identified this in relation to the following pension scheme memberships: Local Government Pension Scheme
- Also, recent changes to market conditions have meant that more Council are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus are complicated and requires actuarial involvement.



Our response

We have performed the following procedures :

- Evaluated the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Performed inquiries of the accounting actuaries to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets;
- Agreed the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation;
- Challenged, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data;
- Confirmed that the accounting treatment and entries applied by the Council were in line with IFRS and the CIPFA Code of Practice;
- Considered the adequacy of the Council's disclosures in respect of the sensitivity of the deficit to these assumptions; and
- Where applicable, assessed the level of surplus that should be recognised by the entity.

Audit risks and our audit approach (cont.)

4

Valuation of post retirement benefit obligations (cont.)

An inappropriate amount is estimated and recorded for the defined benefit obligation



Significant audit risk

- The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Council's pension liability could have a significant effect on the financial position of the Council.
- The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Council in completing the year end valuation of the pension deficit and the year on year movements.
- We have identified this in relation to the following pension scheme memberships: Local Government Pension Scheme
- Also, recent changes to market conditions have meant that more Council are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus are complicated and requires actuarial involvement.



Our findings

- We confirmed the independence, objectivity and expertise of Hymans Robertson, the Council's actuarial advisors.
- We developed an expectation of the total return on planned assets and compared to the actual return on assets. We identified that the difference was immaterial but above our posting threshold; we have provided further details at page 33.
- We confirmed that the cashflow data included within the Pensions note was materially correct.
- We performed testing over the asset ceiling calculation to determine whether the Council is able to recognise its share of the scheme surplus within the financial statements. Our review of the asset ceiling calculation identified that assumptions underpinning this calculation performed by the actuary were not appropriate in that they made simplistic assumptions relating to future deficit reduction contributions that we considered to be unrealistic. Management has commissioned Hyman Robertson to prepare a revised asset ceiling calculation.
- We engaged our KPMG actuaries to critically assess the underlying assumptions applied. All other assumptions were within the KPMG expected range, however at the time of preparing this report we are awaiting the formal report from our actuarial specialists.

Other significant matters

Control deficiencies

We obtain an understanding of internal control to design appropriate audit procedures, but not to express an opinion on the effectiveness of the Council's internal control.

To date, we have not identified any control deficiencies.

Quality and timeliness of information prepared by management

In our view, the quality of information:

- supported our ability to understand key decisions better and obtain sufficient audit evidence.
- enabled informed challenge of management decisions; and
- supported audit quality and better disclosure.

There were some areas where possible improvements were identified with respect to the quality of audit evidence provided, which will be discussed with management in debriefing the 2023/24 audit. This includes information available to support Collection Fund (Council Tax and NNDR) income, to support our audit approach in these areas.

Other matters

Annual report

We have read the contents of the 2023/24 Annual Report (including the Accountability Report, Directors Report, Performance Report and Annual Governance Statement (AGS)) and audited the relevant parts of the Remuneration Report. We have checked compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 issued by Chartered Institute of Public Finance and Accountancy (CIPFA). Based on the work performed:

- We have not identified any inconsistencies between the contents of the Accountability, Performance and Officer's Reports and the financial statements.
- We have not identified any material inconsistencies between the knowledge acquired during our audit and the director's statements. As Councillors you confirm that you consider that the annual report and accounts taken as a whole are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the Council's performance, business model and strategy.
- We are yet to perform our review of the AGS to confirm this is consistent with the financial statements and complies with relevant guidance.
- We are yet to perform our review of the report of the Audit Committee included in the Annual Report to confirm it includes the content expected to be disclosed as set out in the Code of Practice and is consistent with our knowledge of the work of the Committee during the year.

Independence and Objectivity

ISA 260 also requires us to make an annual declaration that we are in a position of sufficient independence and objectivity to act as your auditors, which we completed at planning and no further work or matters have arisen since then.

Audit Fees

Our PSAA prescribed 2023/24 audit scale fee for the audit was £192,000 plus VAT (£109,000 in 2022/23). As outlined in our External Audit Plan 2023/24 the fee agreed through the PSAA procurement process did not reflect the impact of ISA315 and ISA240. We stated in our plan that we expected this additional fee to be between 5 and 10% of our scale fee. We propose an additional fee of £11,500 (6% of our scale fee) in respect of this scope variation. All additional fees are subject to the fees variation process as outlined by the PSAA.

See Pages 29 and 30 for details of non-audit work performed at the Council for 2023/24. We are satisfied that this non-audit work does not have any impact on our independence as the external auditor of the Council.

Value for money risk assessment

Value for money

For 2023/24 our value for money reporting requirements have been designed to follow the guidance in the Audit Code of Practice.

Our responsibility to conclude on significant weaknesses in value for money arrangements.

The main output is a narrative on each of the three domains, summarising the work performed, any significant weaknesses and any recommendations for improvement.

We have set out the key methodology and reporting requirements on this slide and provided an overview of the process and reporting on the following pages.

Risk assessment processes

Our responsibility is to assess whether there are any significant weaknesses in the Council's arrangements to secure value for money. Our risk assessment will continue to consider whether there are any significant risks that the Council does not have appropriate arrangements in place.

In undertaking our risk assessment we will be required to obtain an understanding of the key processes the Council has in place to ensure this, including financial management, risk management and partnership working arrangements. We will complete this through review of the Council's documentation in these areas and performing inquiries of management as well as reviewing reports, such as internal audit assessments.

Reporting

Our approach to value for money reporting aligns to the NAO guidance and includes:

- A summary of our commentary on the arrangements in place against each of the three value for money criteria, setting out our view of the arrangements in place compared to industry standards;
- A summary of any further work undertaken against identified significant risks and the findings from this work; and
- Recommendations raised as a result of any significant weaknesses identified and follow up of your previous auditor's recommendations.

The Council will be required to publish the commentary on its website at the same time as publishing its annual report online.

Financial sustainability

How the body manages its resources to ensure it can continue to deliver its services.

Governance

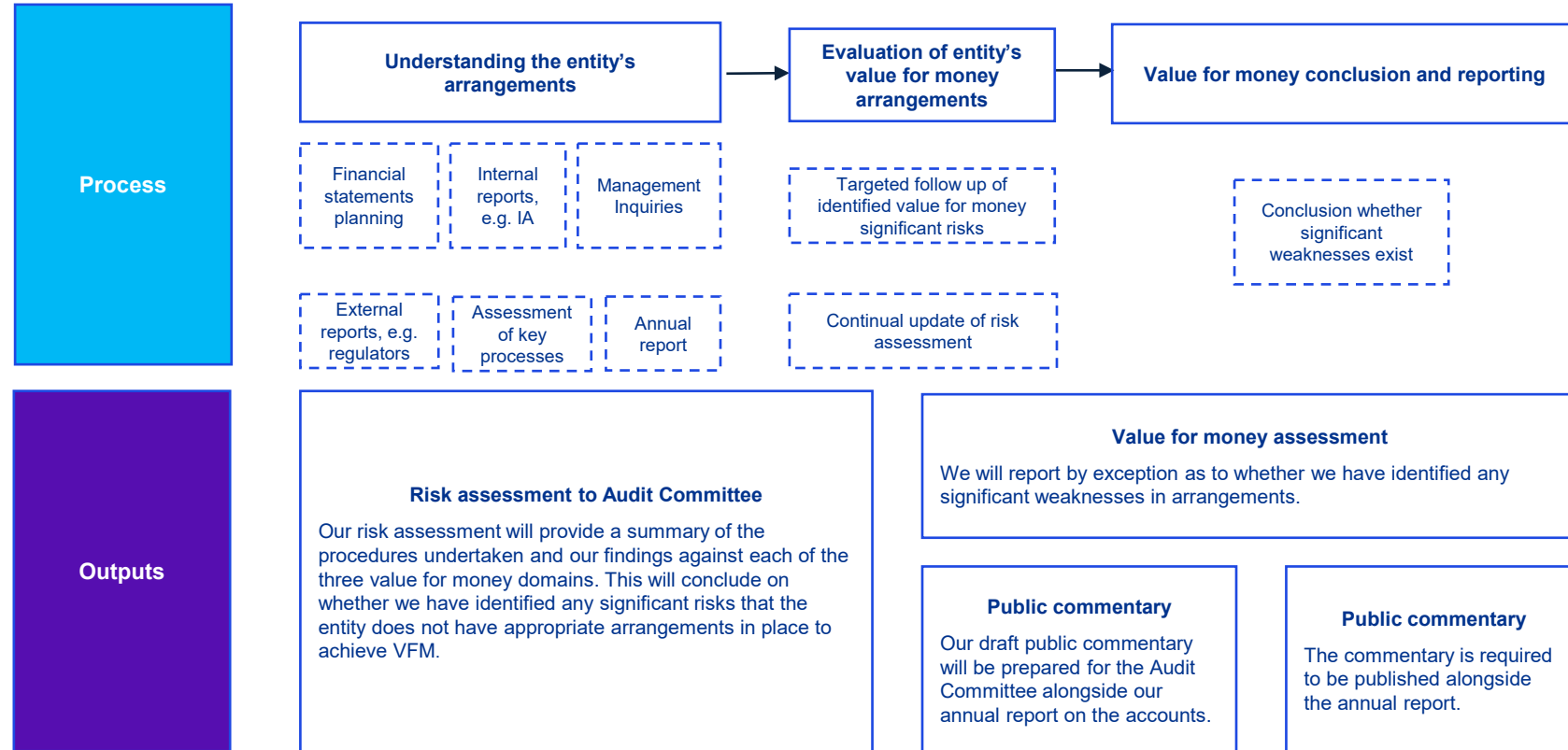
How the body ensures that it makes informed decisions and properly manages its risks.

Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.

Value for money

Approach we take to completing our work to form and report our conclusion:



Summary of risk assessment

Summary of risk assessment

As set out in our methodology we have evaluated the design of controls in place for a number of the Council's systems, reviewed reports from external organisations and internal audit and performed inquiries of management.

Based on these procedures the table below summarises our assessment of whether there is a significant risk that appropriate arrangements are not in place to achieve value for money at the Trust for each of the relevant domains:

Domain	Significant risk identified?
Financial sustainability	No significant risk identified
Governance	No significant risk identified
Improving economy, efficiency and effectiveness	No significant risk identified

While our risk assessment remains ongoing, we have completed the majority of our risk assessment procedures and have not identified any significant risks at this stage.

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Value for money arrangements

Financial sustainability

In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2023/24 budget to ensure that it is achievable and based on realistic assumptions;
- How the 2023/24 savings plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the budget set for 2023/24 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and
- Performance for the year to date against the financial plan.

Summary of risk assessment

Budget setting

The Council's budget setting process is underpinned by the overarching budgeting and budgetary control process, captured within the Council's financial regulations, included in the Council's Constitution. For the 2023/24, the Council began the budget setting process in October 2022, in sufficient time prior to the beginning of the financial year in question.

Officers presented the Council's Medium Term Financial Strategy (MTFS) to the Cabinet in October 2022; this included the Financial Planning Framework for 2023/24 and sought to set the strategy for setting a balanced budget for 2023/24, and subsequent financial years. Our review of the MTFS confirmed that it was created in conjunction with relevant stakeholders such as budget holders, Dacorum Borough Council residents and local businesses. The MTFS is produced to align with the Council's overarching Corporate Plan, which runs to 2025 and includes the Council's six strategic priorities. This ensures there is consistency between the Council's financial plans and overarching objectives surrounding workforce, housing and other operational plans.

The MTFS included a savings requirement of £1.8m for 2023/24, in line with the Council's four-year savings plan. Savings included within the MTFS were identified by budget holders through the development of Service plans, which incorporated key corporate priorities, in consultation with the Senior Leadership Team (SLT) and portfolio holders. As at October 2022 all savings for 2023/24 had been identified.

In December 2022 the Draft 2023/24 Budget Proposal was presented to the Finance and Resources Overview and Scrutiny Committee, supplementing the MTFS. The draft budget proposal included the budget requirements to achieve a balanced position in 2023/24, including key assumptions such as a 2.9% increase in council tax and an inclusion of an average pay settlement of 4%. As the budget setting process progressed, changes were made to the initial budget presented in December 2022 and a refreshed budget was presented to the Finance and Resources Overview and Scrutiny Committee in February 2023. Review of the minutes of this committee confirmed that appropriate scrutiny was exercised with respect to the budget by those charged with governance.

The final budget was presented to the Cabinet in February 2023. Minutes of this meeting confirmed that the budget was reviewed, scrutinised and approved by the Cabinet, with recommendation made to the Council for its approval. The budget was approved by the Council on the 28 February 2023, ahead of the beginning of the 2023/24 financial year.

Value for money arrangements

Financial sustainability

In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2023/24 budget to ensure that it is achievable and based on realistic assumptions;
- How the 2023/24 savings plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the budget set for 2023/24 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and
- Performance for the year to date against the financial plan.

Summary of risk assessment (cont.)

Budget monitoring

Budget holders are initially responsible for the monitoring of their own budgets, with each budget holder being a member of the Senior or Corporate Leadership Team. Each budget holder is supported by a member of the Council's finance team in producing financial forecasts.

These forecasts are submitted to the Senior Leadership team, the Strategic Planning and Environment Overview and Scrutiny Committee, the Finance and Resources Overview and Scrutiny Committee, Cabinet and full Council via the Quarterly Financial Performance Report, in line with the Council's financial monitoring calendar. The calendar is created at the start of each financial year and details the timeline of each monthly budget monitoring cycle. The Council have created a template agenda for each monitoring meeting to ensure consistency in discussions across different budget areas.

The quarterly reports reviewed detailed the Council's financial performance, including variances between the budget and forecast position by scrutiny committee areas and spend type. Additionally, the reports included an easily digestible executive summary that highlighted key additional cost pressures and any offsetting savings to enable informed decision making by those charged with governance.

In the intervening months between formal quarterly reporting, specific risk related budget reviews were presented to the SLT.

The Council has numerous risks relating to financial sustainability and financial performance within its Strategic Risk Register. These include the risk around 'Financial Resilience'. These risks are presented to the Audit Committee on a quarterly basis via the Risk Management Progress Report. Our review of the Risk Register confirmed that sufficient information was included to enable informed decision making. We have provided commentary on the Council's risk management processes in the following section of this risk assessment.

Budget outturn

The Council planned a balanced budget within the final MTFs, with no in-year use of General Fund Reserves. The Council achieved its budgeted position, with no drawdowns made from the General Fund reserves.

Risk assessment conclusion

Based on the risk assessment procedures performed we have not identified a significant risks associated with the Council's arrangements for financial sustainability.

Value for money arrangements

Governance

In assessing whether there was a significant risk relating to governance we reviewed:

- Processes for the identification, monitoring and management of risk;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2023/24 financial plan by the Authority, including how financial risks were communicated;
- Processes for monitoring performance against budgets and taking actions in response to adverse variances;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Authority ensures decisions receive appropriate scrutiny.

Summary of risk assessment

Risk management

The Council assessed and managed risks through its Risk Management Policy and Guide to Risk Management procedures during the financial period. Strategic risks are those which may threaten the achievement of the Council's strategic priorities.

The Council has created a culture in which employees are responsible for identifying, assessing, measuring, monitoring and reporting and escalating significant risks associated with their functions or activities, which feed into directorate and strategic risks. However, operational risks are formally identified as part of the annual service planning process, at which point these operational risks will be directly linked to a strategic risk. Once risks are identified, they will be added to the Council's risk management software, InPhase.

The Council calculate risk scores by multiplying the potential impact by the potential likelihood of the risk. The Council use a 4x4 matrix scoring system, which produces a range of scores from 1 to 16. To ensure consistency across risk areas, the Council have developed a scoring methodology that underpins the calculation. This methodology also provides detailed descriptions of what would constitute each risk score.

It is the role of the Corporate Leadership Team (CLT) to review and challenge operational risks. Once confirmed, risks are added to the operational risk register, which follows the same scoring methodology and format as the strategic risk register.

Strategic risks are monitored via the Strategic Risk Register report, which is presented to the Cabinet, SLT, and Audit Committee each quarter. The risk report provides the following information against each risk to enable informed decision making: Inherent Score, Mitigated Score, Target Score, Controls and Assurances, and Evidence of the risk being managed. The Strategic Risk Register report is supplemented by exception reporting of the risk management process, which is produced from the InPhase system.

We note that the Council typically performs annual Deep Dives to specific Strategic risks, in order to highlight risk performance, controls and mitigations which are then reported to the Audit Committee. However, no deep dive took place in 2023/24.

Operational risks are monitored on a quarterly basis by portfolio holders using the Performance board, produced by the InPhase system. This reporting follows the same structure as the Strategic Risk Register report.

Budget monitoring

The final budget was presented to the Cabinet in February 2023; minutes of this meeting confirmed that the budget was reviewed, scrutinised and approved by the Cabinet, with recommendation made to the Council for its approval. The budget was approved by the Council on the 28 February 2023, ahead of the beginning of the 2023/24 financial year. We have provided further commentary on the Council's budget setting and monitoring process in the preceding section of this report.

Value for money arrangements

Governance

In assessing whether there was a significant risk relating to governance we reviewed:

- Processes for the identification, monitoring and management of risk;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2023/24 financial plan by the Authority, including how financial risks were communicated;
- Processes for monitoring performance against budgets and taking actions in response to adverse variances;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Authority ensures decisions receive appropriate scrutiny.

Summary of risk assessment (cont.)

Counter fraud

The Council's counter fraud and anti-corruption arrangements are underpinned by its financial regulations, '*Preventing and detecting fraud and corruption*'. This policy is supplemented by the various anti-fraud arrangements within the Council's Code of Conduct, such as details of Council employees' responsibilities surrounding whistleblowing. The Council have a dedicated antifraud hotline and email address, as well as employing a dedicated Corporate Anti-Fraud Manager.

We note that as part of their quarterly reporting, the Council's internal audit providers, TIAA, provide commentary over whether any fraud or irregularities have been brought to their attention. No such frauds or irregularities were reported by TIAA in 2023/24.

Compliance with laws and regulations and standards and behaviour

Compliance with laws and regulations and the monitoring of this is one of the functions of the Council, and is included within the Council's Constitution. The Constitution is approved by the full Council annually. Additionally, included within the Constitution is the role of the Monitoring Officer. The Monitoring Officer's role is to report to the full Council or to the Cabinet in relation to an Executive function if he or she considers that any proposal, decision or omission would give rise to unlawfulness or if any decision or omission has given rise to maladministration. No such reports were made in 2023/24. The responsibilities of the Audit Committee, within the Constitution, also highlight that it is the Committees' role to ensure the Council's compliance with relevant legislation and its own and other published policies, standards and controls.

The Council's Code of Conduct documents the responsibilities of Council employees and processes regarding conflicts of interest, gifts and hospitality. In addition to this, the Council's processes in place to monitor officer compliance are included within a separate disciplinary policy for statutory officers which works in conjunction with the Council's Code of Conduct. This document ensures officers, including the Monitoring Officer, are held to account.

Value for money arrangements

Governance

In assessing whether there was a significant risk relating to governance we reviewed:

- Processes for the identification, monitoring and management of risk;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2023/24 financial plan by the Authority, including how financial risks were communicated;
- Processes for monitoring performance against budgets and taking actions in response to adverse variances;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Authority ensures decisions receive appropriate scrutiny.

Summary of risk assessment (cont.)

Decision making process

The Council's decision making processes are derived from the Council's Financial Regulations, included within the Council's Constitution. The Financial regulations provide a framework for managing the financial affairs of the Council to support effective decision making.

The Council is responsible for the key decisions of the authority. Where applicable, decision making will be delegated to relevant Committees, as documented within Article 12 of the Council's constitution 'Decision Making'. The Governance arrangements implemented by the Council supports appropriate scrutiny of any key decision. For example, the role of the scrutiny committee includes but is not limited to review and/or scrutiny of decisions made or actions taken, in connection with the discharge of any of the Council's functions; and exercising the right to call-in for reconsideration decisions made but not yet implemented by the Cabinet.

The Financial Regulations are supported by the Procurement and Commissioning Standing order and Scheme of Delegation, which details the authorisation of payments to be made to staff, contractors and suppliers; the collection of income; and placing of orders including variations.

A key step in the decision making process is the preparation and review of business cases for each decision. To facilitate this, the Council has a proforma business case document. This ensures consistency in how decisions are made and includes information such as key benefits, key risks and alignment to the Council's strategic objectives.

We note that no key decisions were made by the Cabinet/Council in year, however key service level decisions were made. We reviewed the approval of the Safe Homes and Commercial Housing Contracts, a decision made by the Strategic Director of Housing and Property Service to approve the award of a contract for the Supply of Heating and Ventilation Services and Installations for Housing Assets to Aaron Services Limited for a 7 year period, with the option to extend for a further 3 years.

We noted that the decision was documented using the proforma 'Office Holder Decision Sheet' and included an estimated cost for the services of between £3.8m and £4.2m per annum. The Officer holder decision sheet demonstrated review by various officers, the Monitoring Officer and the S151 officer as well as the Commercial Board. This was then approved by the Strategic Director of Housing and Property Services on 15 December 2023, in line with the Scheme of Delegation.

Risk assessment conclusion

Based on the risk assessment procedures performed we have not identified a significant risks associated with the Council's governance arrangements.

Value for money arrangements

Improving economy, efficiency and effectiveness

In assessing whether there was a significant risk relating to improving economy, efficiency and effectiveness we reviewed:

- The processes in place for assessing the level of value for money being achieved and where there are opportunities for these to be improved;
- How the performance of services is monitored and actions identified in response to areas of poor performance;
- How the Council has engaged with other stakeholder and wider partners in development of the organisation;
- How the performance of those partnerships is monitored and reported; and
- The monitoring of outsourced services to verify that they are delivering expected standards.

Summary of risk assessment

Corporate plan and performance reporting

The Council implemented a five year Corporate Plan in 2025 to run to 2025. The plan is underpinned by the Council's strategic priorities for local residents and communities, which include 'Ensuring economic growth and prosperity' and 'Ensuring efficient, effective and modern service delivery'. Performance against the Corporate Plan is reported annually via the Council's Annual Report. This details the Council's in-year achievements against the plan and further activities for the year ahead.

Corporate plan success is supported by operational performance reporting. Operational performance is monitored by the individual Scrutiny Committees, with each have its own performance monitoring remit. For example, the Housing and Community Overview and Scrutiny Committee oversee the performance of the Council's housing strategy. Each Scrutiny Committee received performance reporting on a quarterly basis, which includes Key Performance Indicators (KPIs). The appendix includes KPI performance for all months within the quarter, and includes a 'direction of travel' indicator for each KPI. Where KPIs are not being met the measure is highlighted in red; where the council is overperforming the measure is highlighted in green. This ensures that reported performance can be quickly and easily analysed, facilitating informed decision making. Each KPI includes commentary which details the reason for KPIs not being met and any actions to remediate this.

Partnership work

To monitor working arrangement of partnership arrangement, either prospective or ongoing, the Council is an established member of a number of joint partnership committees. One such example is the Hertfordshire Climate Change and Sustainability Partnership which seeks to identify joint working programmes on environmental, climate change and wider sustainability issues. This allows the Council to have greater oversight and influence of policy decisions within the local community.

Outsourced services

Our assessment surrounding outsourced services is ongoing; we will report our findings within our final year end report to the Audit Committee.

Risk assessment conclusion

Based on the risk assessment procedures performed we have not identified a significant risks associated with the Council's arrangements for improving economy, efficiency and effectiveness.

Dacorum Borough Council Appendices

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Required communications

Type	Response
Our draft management representation letter	<input checked="" type="checkbox"/> We do not expect to request any specific representations in addition to those areas normally covered by our standard representation letter for the year ended 31 March 2024
Adjusted audit differences	<input checked="" type="checkbox"/> To date, there are no adjusted audit differences
Unadjusted audit differences	<input checked="" type="checkbox"/> To date, the aggregated surplus impact of unadjusted audit differences would be £1,091k. In line with ISA 450 we request that you adjust for these items. However, they will have no effect on the opinion in the auditor's report, individually or in aggregate. See page 32 for further details.
Related parties	<input checked="" type="checkbox"/> There were no significant matters that arose during the audit in connection with the entity's related parties.
Other matters warranting attention by the Audit Committee	<input checked="" type="checkbox"/> There were no matters to report arising from the audit that, in our professional judgment, are significant to the oversight of the financial reporting process.
Control deficiencies	<input checked="" type="checkbox"/> We communicate to management in writing all deficiencies in internal control over financial reporting of a lesser magnitude than significant deficiencies identified during the audit that had not previously been communicated in writing.
Actual or suspected fraud, noncompliance with laws or regulations or illegal acts	<input checked="" type="checkbox"/> No actual or suspected fraud involving Council management, employees with significant roles in internal control, or where fraud results in a material misstatement in the financial statements identified during the audit.
Make a referral to the regulator	<input checked="" type="checkbox"/> If we identify that potential unlawful expenditure might be incurred then we are required to make a referral to your regulator. We have not identified any such matters.
Issue a report in the public interest	<input checked="" type="checkbox"/> We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters.

Type	Response
Significant difficulties	<input checked="" type="checkbox"/> No significant difficulties were encountered during the audit to date.
Modifications to auditor's report	<input checked="" type="checkbox"/> None
Disagreements with management or scope limitations	<input checked="" type="checkbox"/> The engagement team had no disagreements with management and no scope limitations were imposed by management during the audit.
Other information	<input checked="" type="checkbox"/> To date no material inconsistencies were identified related to other information in the annual report, Strategic and Directors' reports. <input checked="" type="checkbox"/> The Strategic report is fair, balanced and comprehensive, and complies with the law.
Breaches of independence	<input checked="" type="checkbox"/> No matters to report. The engagement team and others in the firm, have complied with relevant ethical requirements regarding independence.
Accounting practices	<input checked="" type="checkbox"/> Over the course of our audit, we have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. In general, we believe these are appropriate.
Significant matters discussed or subject to correspondence with management	<input checked="" type="checkbox"/> We identified no significant matters.
Certify the audit as complete	<input checked="" type="checkbox"/> Due to the Auditor's Annual Report being issued later in the year we have not yet certified the audit as complete. We will not be able to certify the audit as complete until all outstanding matters outlined on Page 3 of this report have been satisfactorily resolved, including the review of the predecessor audit files in respect of the 2022/23 audit.

Fees

Audit fee

Our fees to date for the year ending 31 March 2024 are set out in the PSAA Scale Fees communication and are shown below.

Entity	2023/24 (£'000)	2022/23 (£'000)
Statutory audit	192	109 ^(a)
ISA315r and ISA240	12	-
TOTAL	204	109

Note: (a) Fee charged by Grant Thornton LLP – your predecessor auditor.

As per PSAA's Scale Fees Consultation, the fees did not include new requirements of ISA315 revised (risk of material misstatement); or ISA 240 (auditor's responsibilities relating to fraud). Based on our work to date we have proposed an additional fee of c6% of the scale fee. Additional fees are subject to the fees variation process as outlined by the PSAA.

Billing arrangements

- Fees have been billed in accordance with the milestone completion phasing that has been communicated by the PSAA.
- As per PSAA's Scale Fees Consultation, the scale fees did not include new requirements of ISA315 revised (risk of material misstatement); or ISA 240 (auditor's responsibilities relating to fraud).

Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Director and audit staff is not impaired.

To the Audit and Risk Committee members

Assessment of our objectivity and independence as auditor of Dacorum Borough Council

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners/directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values.
- Communications.
- Internal accountability.
- Risk management.
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity

Independence and objectivity considerations relating to the provision of non-audit services

Summary of non-audit services

Description of scope	Threats to independence	Safeguards applied	Value of service and basis of fee
Housing Benefit Assurance Process (HBAP) Certification	None identified	Separate teams	Fixed fee
Pooling of Housing Capital Receipts (PHCR) Certification	None identified	Separate teams	Fixed fee

Confirmation of Independence (cont.)

Disclosure	Description of scope of services	Principal threats to Independence	Safeguards Applied	Basis of fee	Value of Services Delivered in the year ended 31 March 2023 £m	Value of Services Committed but not yet delivered £m
1	Housing Benefit Assurance Process (HBAP) Certification	None identified	<ul style="list-style-type: none"> The engagement contract makes clear that we will not perform any management functions. The work is performed is not relied on during the audit Our work does not involve judgement and are statements of fact based on agreed upon procedures. 	Fixed	TBC	TBC
2	Pooling of Housing Capital Receipts (PHCR) Certification	None identified	<ul style="list-style-type: none"> The engagement contract makes clear that we will not perform any management functions. The work is performed is not relied on during the audit Our work does not involve judgement and are statements of fact based on agreed upon procedures. 	Fixed	TBC	TBC

Confirmation of Independence (cont.)

Summary of fees

We have considered the fees charged by us to the Group and its affiliates for professional services provided by us during the reporting period.

Fee ratio

The ratio of non-audit fees to audit fees for the year is anticipated to be below 0.5:1. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

	2023/24
	£'000
Statutory audit	204
Other Assurance Services	TBC
Total Fees	204

Application of the FRC Ethical Standard 2019

Your previous auditors will have communicated to you the effect of the application of the FRC Ethical Standard 2019. That standard became effective for the first period commencing on or after 15 March 2020, except for the restrictions on non-audit and additional services that became effective immediately at that date, subject to grandfathering provisions.

AGN 01 states that when the auditor provides non-audit services, the total fees for such services to the audited entity and its controlled entities in any one year should not exceed 70% of the total fee for all audit work carried out in respect of the audited entity and its controlled entities for that year.

We confirm that as at 15 March 2020 we were not providing any non-audit or additional services that required to be grandfathered.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit and Risk Committee.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Audit and Risk Committee of the Group and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully,

KPMG LLP

Audit misstatements

Under UK auditing standards (ISA (UK) 260) we are required to provide the Audit Committee with a summary of uncorrected audit differences (including disclosure misstatements) identified during the course of our audit, other than those which are 'clearly trivial', which are not reflected in the financial statements. In line with ISA (UK) 450 we request that you correct uncorrected misstatements. However, they will have no effect on the opinion in our auditor's report, individually or in aggregate. As communicated previously with the Audit Committee, details of all adjustments greater than £200k are shown below:

Uncorrected audit differences (£'000s)				
No.	Detail	CIES Dr/(cr)	Balance Sheet Dr/(cr)	Comments
1	Dr Net Pension Liability	£0	£1,019	Management included an estimated value for the return on planned assets within their draft financial statements, based on the initial report provided by the actuary. Upon receipt of the revised IAS19 report, which included the actual return on plan assets for the year, it was identified that the return on planned assets was £1,019k greater than the estimated value.
	Cr Actuarial (Gains)/Losses on Pension Asset / Liabilities	(£1,019)	(£0)	
Total		(£1,019)	£1,019	

Under UK auditing standards (ISA (UK) 260) we are required to provide the Audit Committee with a summary of corrected audit differences (including disclosures) identified during the course of our audit. To date we have identified no corrected audit misstatements.

ISA (UK) 240 Revised: changes embedded in our practices

Ongoing impact of the revisions to ISA (UK) 240

ISA (UK) 240 (revised May 2021, effective for periods commencing on or after 15 December 2021) The auditor's responsibilities relating to fraud in an audit of financial statements included revisions introduced to clarify the auditor's obligations with respect to fraud and enhance the quality of audit work performed in this area. These changes are embedded into our practices and we will continue to maintain an increased focus on applying professional scepticism in our audit approach and to plan and perform the audit in a manner that is not biased towards obtaining evidence that may be corroborative, or towards excluding evidence that may be contradictory.

We will communicate, unless prohibited by law or regulation, with those charged with governance any matters related to fraud that are, in our judgment, relevant to their responsibilities. In doing so, we will consider the matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud.

Matters related to fraud that are, in our judgement, relevant to the responsibilities of Those Charged with Governance

Our assessment of the risks of material misstatement due to fraud may be found in our external audit plan presented on 20 March 2024. We also considered the following matters required by ISA (UK) 240 (revised May 2021, effective for periods commencing on or after 15 December 2021) *The auditor's responsibilities relating to fraud in an audit of financial statements*, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud:

- Concerns about the nature, extent and frequency of management's assessments of the controls in place to prevent and detect fraud and of the risk that the financial statements may be misstated.
- A failure by management to address appropriately the identified significant deficiencies in internal control, or to respond appropriately to an identified fraud.
- Our evaluation of the entity's control environment, including questions regarding the competence and integrity of management.
- Actions by management that may be indicative of fraudulent financial reporting, such as management's selection and application of accounting policies that may be indicative of management's effort to manage earnings in order to deceive financial statement users by influencing their perceptions as to the entity's performance and profitability.
- Concerns about the adequacy and completeness of the authorization of transactions that appear to be outside the normal course of business.

Based on our assessment, we have no matters to report to Those Charged with Governance

KPMG's Audit quality framework

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

To ensure that every engagement lead and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework. Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight Committee, and accountability is reinforced through the complete chain of command in all our teams.

■ Commitment to continuous improvement

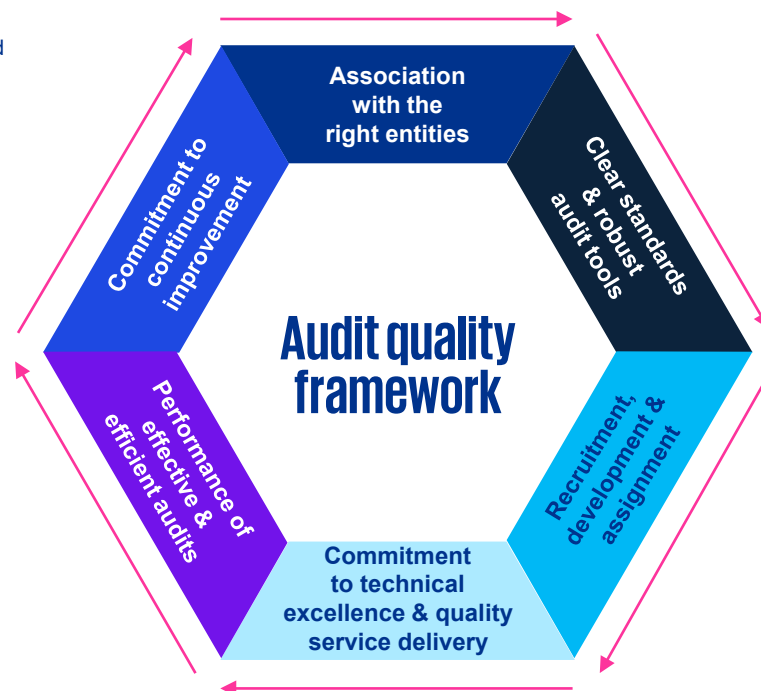
- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

■ Performance of effective & efficient audits

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two way communications

■ Commitment to technical excellence & quality service delivery

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



■ Association with the right entities

- Select clients within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

■ Clear standards & robust audit tools

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

■ Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members employed KPMG specialists and specific team members



kpmg.com/uk

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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Audit Committee

Report for:	Audit Committee
Title of report:	Treasury Management Outturn and Performance Indicators 2023/24
Date:	18th September 2024
Report on behalf of:	Cllr Michela Capozzi, Portfolio Holder for Corporate & Commercial
Part:	I
If Part II, reason:	N/A
Appendices:	
Background papers:	Cabinet 20 th June 2023 – Treasury Management Strategy (Appendix D to Provisional Outturn Report)
Glossary of acronyms and any other abbreviations used in this report:	CIPFA-The Chartered Institute of Public Finance and Accountancy CFR- Capital Financing Requirement CPI- Consumer Price Index

Report Author / Responsible Officer

Tracy Claridge , Assistant Financial Accountant- Regulatory & Financial Accounting

✉ 📞 Tracy.claridge@dacorum.gov.uk / 01442 228322 (ext. 2322)

Responsible Officer

Nigel Howcutt , Chief Finance Officer

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

Corporate Priorities	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 report upon the outturn performance for treasury management in 2023/24.
Recommendation (s) to the decision maker (s):	1. Note the contents of the report on Treasury Management performance and the Prudential Indicators for 2023/24.
Period for post policy/project review:	Not applicable.

1 Introduction/Background:

The Council is required by the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2023/24. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management in the Public Services (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities.

For 2023/24 the minimum reporting requirements were that Full Council should receive:

- an annual Treasury Management Strategy Statement in advance of the year;
- a mid-year Treasury Management update report;
- an annual review following the end of the year describing the activity compared to the strategy (this report).
- A quarterly update on treasury management performance and all forward looking prudential indicators.

This report provides the outturn position for the Council's treasury activities and highlights compliance with the Treasury Management Strategy 2023/24 previously approved by Members in July 2023.

Following review by Audit Committee, this report will be presented to Cabinet to recommend to Full Council to accept the report on Treasury Management Performance for 2023/24.

2 Key Issues/proposals/main body of the report:

The Economy and Interest Rates

- 2.1 Investment returns increased throughout 2023/24 as central banks, including the Bank of England, continued to respond to inflationary pressures using higher interest rates.
- 2.2 Starting April 2023 at 4.25%, the Bank of England base rate had increases of either 0.25% or 0.5%, reaching 5.25% by August 2023. There were no further rate increases during 2023/24. A decrease in the base rate to 5.00% was made in August 2024.
- 2.3 The CPI measure of inflation was 3.2% in March 2024. At July 2024 this had fallen to 2.2%.
- 2.4 UK unemployment was below 4% at the end of 2023/24 and annual wage inflation running at above 5%. At the time of writing, the UK unemployment rate stands at 4.2% with updated official figures due for release on 10th September 2024.

Treasury Position as at 31 March 2024

- 2.5 The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend.

2.6 The Council's CFR was £364.0m at the end of the year. This includes the borrowing from the Public Works Loan Board following the introduction of HRA Self-financing and borrowing taken in 2015/16 for General Fund capital expenditure. HRA self-financing involved the transfer of national housing debt from central government to local authorities with HRA responsibilities. No new external loans were undertaken during 2023/24. The Housing Revenue Account had internal borrowing of £17.2m. This is where cash balances are utilised instead of external borrowing to fund the Capital Programme. Internal borrowing is usually cheaper than external borrowing.

2.7 The table below shows a decrease in balances available for investment as at 31 March 2024 compared to as at 31 March 2023 due to internal borrowing.

	31-Mar-23	Rate/ Return	Average Life	31-Mar-24	Rate/ Return	Average Life
HRA and GF COMBINED	£m	%	Years	£m	%	Years
Capital Financing Requirement	349.3			364.0		
Total external debt*	337.6			335.3		
Total investments	103.7	2.03	0.46	85.30	4.88	0.30
Net external debt	234.0			250.0		

*including finance lease obligations

General Fund

2.8 The General Fund CFR (its need to borrow) was £17.9m at 31 March 2024.

2.9 The General Fund is under borrowed by £11.4m. This means the council is utilising its own cash balances to fund past capital expenditure rather than borrowing externally. This is usually cheaper.

	31-Mar-23	Rate/ Return	Average Life	31-Mar-24	Rate/ Return	Average Life
GENERAL FUND (GF)	£m	%	Years	£m	%	Years
Total external debt	6.4	3.04%	9	6.4	3.04%	8
Finance leases	0.2			0.2		
Capital Financing Requirement	18.3			17.9		
Over / (under) borrowing	(11.7)			(11.4)		

Housing Revenue Account

2.10 The HRA's CFR was £346m and external borrowing is £328.8m at 31 March 2024. During 2023/24 £2.31m of external borrowing was repaid in year and £17.2m of internal borrowing was undertaken as described in 2.6.

HOUSING REVENUE ACCOUNT (HRA)	31-Mar-23	Rate/ Return	Average Life	31-Mar-24	Rate/ Return	Average Life
	£m	%	Years	£m	%	Years
Total external debt	331.1	3.40%	14	328.8	3.41%	13
Capital Financing Requirement	331.1			346.0		
Over / (under) borrowing	0.0			(17.2)		

Investment Outturn

- 2.11 The Council's 2023/24 investment policy (contained in its Treasury Management Strategy) sets out the approach for choosing investment counterparties. It is based on a system of credit ratings provided by the three main credit rating agencies, and supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc) provided by MUFG Pension & Market Services (formerly Link Asset Services), the Council's treasury management advisors.
- 2.12 The Council maintained an average balance of £111.8m of internally managed funds throughout 2023/24, earning an average rate of return of 4.88% compared with the previous year of 2.03%. The increase in return between years is attributable to interest rate rises described in 2.2.
- 2.13 Investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

Prudential and Treasury Indicators

- 2.14 During 2023/24, the Council complied with its legislative and regulatory requirements set out in the Treasury Management Strategy. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Actual prudential and treasury indicators	2022/23	2023/24	2023/24
	Actual	Original Budget Estimate	Actual
	£'000	£'000	£'000
<u>Capital expenditure</u>			
· General Fund	8,199	32,470	41,241
· HRA	34,884	81,248	17,400
· Total	43,083	113,718	58,641
<u>Capital Financing Requirement:</u>			
· General Fund	18,272	29,728	35,183
· HRA	331,077	364,174	328,768
· Total	349,349	393,902	363,951
External debt excluding finance leases	337,446	355,214	335,137
<u>Investments- balance at year end</u>			
· Longer than 1 year	0	0	0
· Under 1 year	103,668	48,853	85,304
· Total	103,668	48,853	85,304

- 2.15 To ensure borrowing levels are prudent over the medium term, Local Authority external borrowing can only be for capital purposes, i.e. it cannot be used to support revenue expenditure. Gross borrowing should not, except in the short term, exceed its CFR i.e. the Council's need to borrow. The Council complies with this indicator.

- 2.16 The **Authorised Limit** - the authorised limit is the “affordable borrowing limit” required by the Local Government Act 2003. The Council does not have the power to borrow above this level. During 2023/24 the Council maintained gross borrowing within its authorised limit.
- 2.17 The **Operational Boundary** – the operational boundary reflects the current borrowing position with an allowance for additional borrowing for cash flow purposes during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

	2023/24
Authorised limit	£410.00m
Operational boundary	£355.402m

- 2.18 **Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

Ratio of financing costs to net revenue stream	31-Mar-23 Actual	2023/24 Original Limits	31-Mar-24 Actual
General Fund	-3.20%	-0.11%	-6.03%
HRA	19.14%	17.29%	17.71%

- 2.19 Due to higher interest rates the general fund’s interest received was greater than interest paid and minimum revenue provision costs.

- 2.20 The following table shows the **net debt position for the Council**. Net debt has increased by £16m due to a decrease in investments held as at 31 March 2024. Cash balances were lower at this date than at 31 March 2023 due to HRA internal borrowing.

	31-Mar-23	Rate/ Return	Average Life	31-Mar-24	Rate/ Return	Average Life
	£m	%	Years	£m	%	Years
Fixed rate funding:						
PWLB and Finance Leases	337.6	3.40%	14		3.40%	13
Total external debt	337.6	3.40%	14	335.3	3.40%	13
CFR	349.349			364.0		
Over/ (under) borrowing	(11.7)			(28.6)		
Total investments	103.7	2.03	0.46	85.3	4.88	0.30
Net debt	234.0			250.0		

- 2.21 The following table shows the **maturity structure of the debt portfolio**:

	31-Mar-23 actual	31-Mar-24 actual
Under 12 months	2.8	4.2
12 months and within 24 months	3.7	4.8
24 months and within 5 years	16.2	18.1
5 years and within 10 years	48.2	56.2
10 years and above	266.7	252.0

3 Options and alternatives considered

None. An annual treasury management review is a statutory requirement.

4 Consultation

The council liaise with MUFG Pension & Market Services, our Treasury advisors, on all treasury management matters.

5 Financial and value for money implications:

In accordance with the CIPFA Treasury Management in the Public Services Code of Practice, the order of the Council's investment priorities is 1. Security; 2. Liquidity; and, 3. Return. This may result in the Council achieving a lower rate of return than an organisation operating a more aggressive investment strategy in a less regulated sector.

6 Legal Implications:

There are no direct legal implications arising from this report.

7 Risk implications:

A prudent approach to investment is required to minimise the risk to the Council of investment losses, as outlined in the Council's Treasury Management Strategy 2023/24. This report provides an update on the delivery of that strategy.

8 Equalities, Community Impact and Human Rights:

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

9 Sustainability implications (including climate change, health and wellbeing, community safety): Not applicable

10 Council infrastructure (including Health and Safety, HR/OD, assets and other resources): Not applicable

11 Conclusion:

The Annual Treasury Management Outturn Report for 2023/24 provides the outturn position for the Council's 2023/24 treasury activities and highlights compliance with policies previously approved by Members. Its approval is required for the Council to meet its statutory obligations in respect of Treasury Management activities.