



**Dacorum Borough Council**

**Statement of Accounts  
2022/23**

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# Introduction – Leader of the Council

Welcome to Dacorum Borough Council's annual Statement of Accounts for the financial year 2022/23.

These accounts show you how we managed our finances in 2022/23 whilst delivering against key Council priorities below:

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

The cost of living crisis has made this year a challenging one for our residents and businesses and affects us all. The Council's priority during this time has been to ensure everyone who needs help is supported, especially the most vulnerable. The Council has worked to ensure the most vulnerable members of society are protected and that essential Council services continue to be provided.

During 2022/23, the Council has:

- Launched a Climate and Ecological Emergency strategy and an Electric Vehicle strategy.
- Provided more funding to community projects via the Green Community Grant scheme.
- Completed a number of refurbishment projects, including the transformation of Northridge Way basketball court, Canal Fields playground in Berkhamsted and Tring Skate Park.
- Hosted community events including the Platinum Party in the Park and the Queen's Baton Relay.
- Invested in new affordable homes in the borough via the Council's new build housing programme and via grant funding to other providers of affordable housing.
- Continued work with partner authorities on a new residential and commercial neighbourhood for Hemel Hempstead, known as Hemel Garden Communities, delivering more than 11,000 new homes and 10,000 new jobs by 2050.
- Supported local businesses to promote growth and employment opportunities and continued to work with our partnership Economic Recovery Board on skills, local employment opportunities and inward investment.
- Continued the work of the Hemel Place Board to develop a new Place Strategy for Hemel Hempstead and the town centre to bring about regeneration and investment.

During 2023/24, Dacorum Borough Council will:

- Continue to ensure that those who need help due to the impact of the cost of living crisis are supported.
- Continue to build new Council homes for local people.
- Continue to emphasise our Climate and Ecological Emergency Strategy.
- Progress key projects for the Council, including Hemel Garden Communities and the Hemel, Berkhamsted and Tring Place Strategies.
- Develop our 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. We will seek to generate more income so we can continue to deliver the best possible services to our residents and businesses and our priorities as set out in our Corporate Plan (2020-2025).

**Councillor Ron Tindall, Leader of the Council**

# Introduction – Chief Finance Officer

As the Council's Chief Financial Officer, I have pleasure in presenting Dacorum Borough Council's Statement of Accounts for 2022/23.

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

The recovery from the Coronavirus pandemic has presented an operational and financial challenge for the Council and will continue to do so in the medium term as people's behaviours and approaches have changed in many ways. The current economic uncertainty and 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 that will enable the Council to remain successful throughout the medium term and beyond.

The work of the Council's finance team is critical in ensuring proper protection and stewardship of public funds is conducted efficiently and effectively. The work that the team does 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**

## Borough Profile

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.

## 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 May 2023, the Council was made up of 28 Liberal Democrats, 18 Conservatives, 3 Labour and 2 Independent councillors.

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 2022/23, the Council was structured along four directorates, providing the following services:

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

**Place** – includes the Council's approach to transforming its places through new place strategies, regeneration, economic development, arts/leisure provision and engagement of the voluntary and community sector including community grant funding. The Directorate covers the statutory planning functions of development management and local planning, including planning for infrastructure.

**People and Transformation** – includes human resources, customer services and digital services, Climate Change work and borough- wide communications, as well as a delivery of the Council's transformation programme.

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

From 2023/24 the Resident Services directorate is no longer part of the Council's structure. Two new directorates- Housing and Property Services and Neighbourhood Operations are now in operation, alongside the other three directorates identified above.

### 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 presented a significant financial challenge during 2022/23. Significant inflationary pressures were managed via the use of Council reserves. The approved budget for 2023/24 incorporates prudent assumptions around inflation. Inflationary increases represent a continued risk for the Council in 2023/24.
- The impact of the pandemic continued into 2022/23, with income from parking, business rates and commercial rents lower than that seen prior to the start of the pandemic. Pressures on Council income arising from changes in behaviour following the pandemic are expected to continue in 2023/24, particularly around parking.
- 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. The introduction of green waste charging is a recent and example of this.
- Service transformation to deliver increased service efficiency and enhance customer experience.
- The continued development of proposals for Hemel Garden Communities, a new residential and commercial neighbourhood for Hemel Hempstead.
- The provision of affordable housing for the borough, via our new build program.
- Increasing prosperity of towns in the borough, through work such as the Hemel, Berkhamsted and Tring Place Strategies.
- Bringing the Dacorum community together via an ongoing growing programme of public events in the borough.

## Operational Performance

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

The Council has achieved the following during 2022/23 against its corporate priorities. 2021/22 figures are provided in brackets, where figures have changed year on year.

### **A clean, safe and enjoyable environment**

- Collected 4,970 tonnes of food waste (5,227)
- Maintained parks and gardens across Dacorum including 62 play areas, 5 Green Flag parks and 2 Queen Elizabeth II Fields In Trust
- Received 2,601 planning applications (3,190).

### **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 425 businesses (269), 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 £1.8m of savings as part of 2023/24 budget-setting.

### **Climate and Ecological Emergency - working to deliver net zero carbon**

- Launched our climate and ecological emergency strategy and electric vehicle strategy.

## 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, 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, IT and finance).
- **Strategic Planning and Environment** (includes services such as waste collection, planning and development)

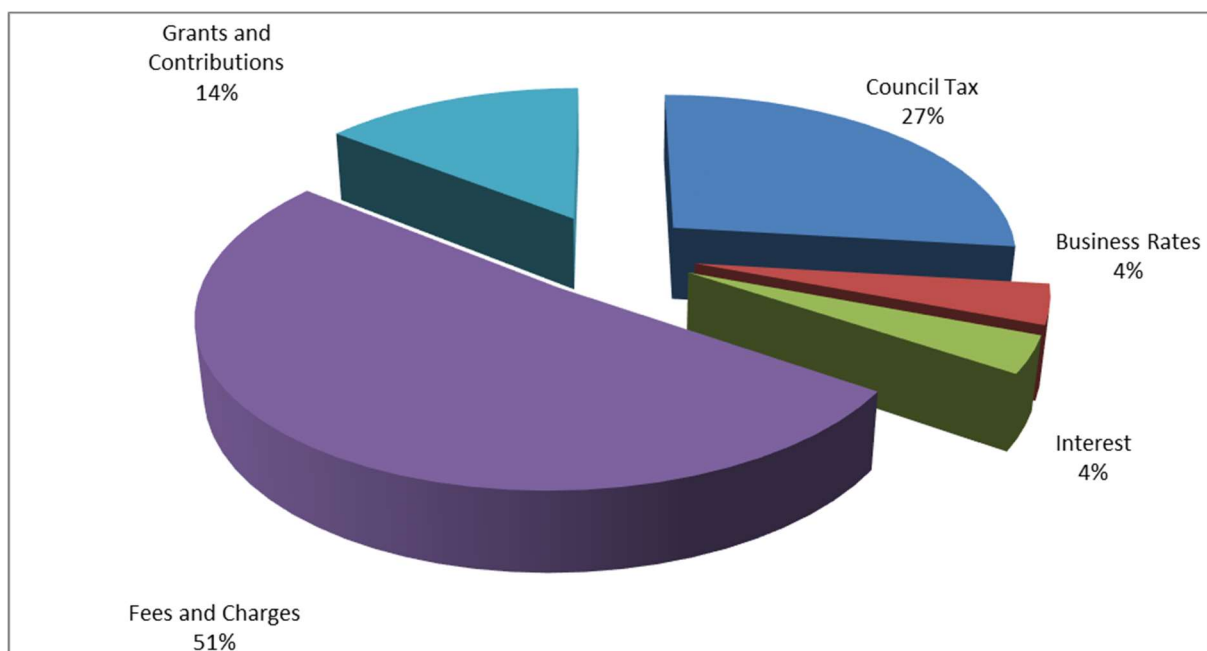
The three committees shown play an important role in guiding and examining our policies and operational and financial performance. They are involved in keeping the Council's activities under review. They scrutinise the proposals, actions and decisions of the Cabinet and Council, as well as developing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

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

### General Fund Revenue Account

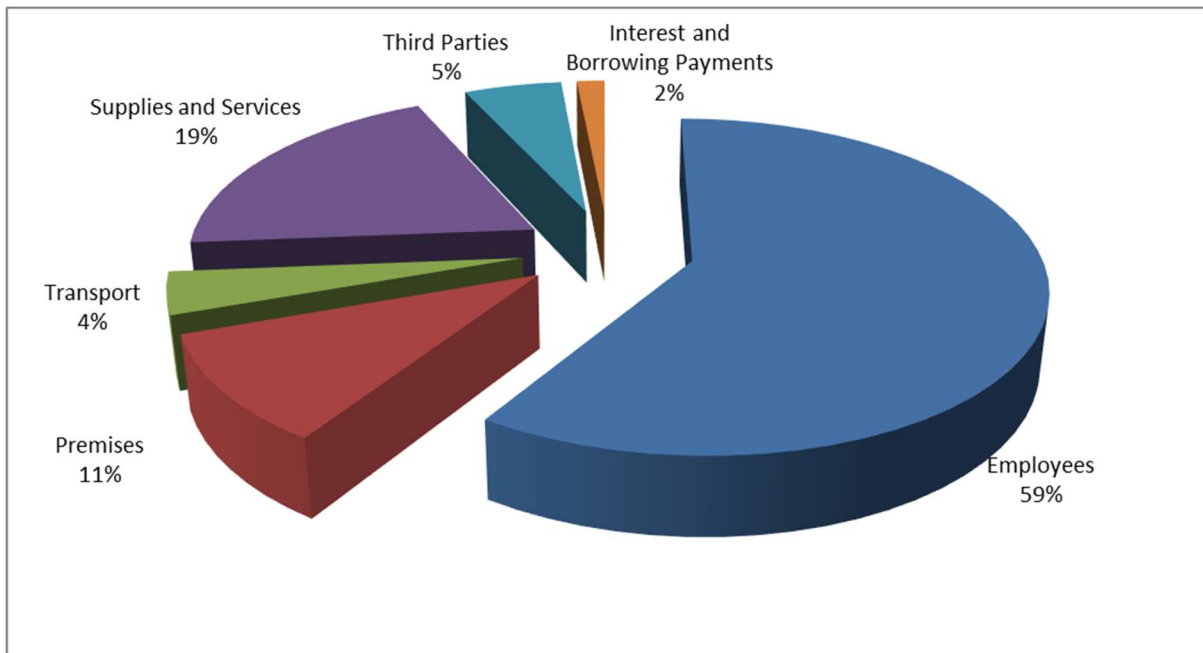
The following charts outline where the Council's General Fund revenue money came from, how it was spent and on which services. These charts exclude income and expenditure relating to housing benefits and the Housing Landlord function, which is accounted for within the Housing Revenue Account.

#### Sources of funding



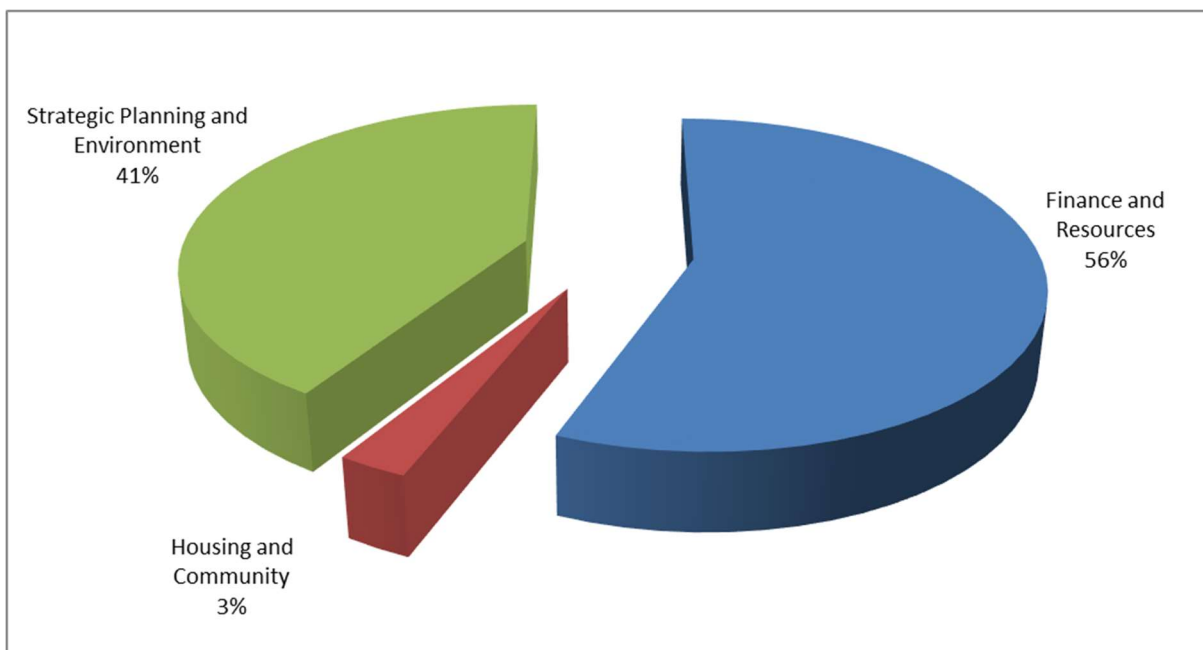


## How the funding was spent<sup>1</sup>



<sup>1</sup> 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<sup>2</sup>



<sup>2</sup> 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 2022/23:

**Table 1- General Fund Revenue Financial Performance 2022/23**

	<b>Budget</b>	<b>Actuals</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Finance and Resources	14,615	15,964	1,349
Housing and Community	904	791	(113)
Strategic Planning and Environment	10,457	11,698	1,241
<b>Net Cost of Services</b>	<b>25,976</b>	<b>28,453</b>	<b>2,477</b>
Investment Property	(3,853)	(4,328)	(475)
Interest on Investment Income, Interest Payable and Minimum Revenue Provision	729	(1,280)	(2,009)
Parish Precept Payments	1,034	1,015	(19)
Government Grants	(1,638)	(6,946)	(5,308)
Council Tax	(13,466)	(13,744)	(278)
Business Rates	(1,881)	6,200	8,081
<b>Net (Income)/ Expenditure- Other Items</b>	<b>(19,075)</b>	<b>(19,083)</b>	<b>(8)</b>
<b>(Surplus)/ Deficit on Provision of Services</b>	<b>6,901</b>	<b>9,370</b>	<b>2,469</b>
Net Recharge to the HRA	(5,271)	(5,576)	(305)
Contribution To / (From) Earmarked Reserves	(1,630)	(3,794)	(2,164)
<b>Net Movement on General Fund Working Balance</b>	<b>(0)</b>	<b>0</b>	<b>0</b>

Transactions relating to asset depreciation have nil net impact on the position and are excluded from Table 1. Contributions To/ (From) Earmarked Reserves includes £350k to finance vehicle replacement as part of the Capital programme.

### General Fund Services Financial Performance

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

- Housing and Community
  - An underspend associated with garage repairs and maintenance £0.3m.
- Strategic Planning and Environment
  - Costs associated with employees and vehicles required for the provision of Waste services £1.0m. Inflationary increases have impacted the service. The position has been mitigated via use of reserves in 2022/23.
- Finance and Resources
  - A shortfall against budgeted income relating to car-parking £0.5m.
  - Additional costs relating to Berkhamsted Leisure centre £0.3m.
- Investment income
  - Returns on Councils investment have performed strongly during 2022/23 generating a surplus of £2.0m over budget.

- Government grants
  - Additional grant funding received during the year. This includes £5.00m relating to business rates reliefs and an additional £0.4m of other grants.
- Business Rates
  - The Council paid a deficit of £8.0m to the Collection Fund in respect of business rates. This was offset by a draw-down from the Funding Equalisation Reserve of balances transferred to that reserve in 2021/22 specifically for this purpose.
- Reserves
  - There was a transfer of £5.2m during the year from the Funding Equalisation reserve, arising from timing differences on Collection Fund balances. The Council drew down £1.7m of additional contributions from the Economic Recovery Reserve to support pandemic- related expenditure.

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

### **Interest and Minimum Revenue Provision (MRP)**

The Council invests its cash balances in line with its agreed Treasury Management Strategy, for which it generates interest receipts. In 2022/23 the returns on investments far exceed budgeted expectations due to an increase in interest rates 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 interest payments each year. During 2022/23 the Council repaid £9.9m of PWLB General Fund loans (including a discount for early repayment), saving £0.3m on expected annual interest payments in 2023/24 and beyond.

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 2022/23.

The net collectable amount of council tax in Dacorum for 2022/23 (for Dacorum Borough Council, Hertfordshire County Council and the Police and Crime Commissioner for Hertfordshire) was £118.6m (2021/22 £112.5m). The Dacorum Borough Council share of council tax (excluding the precept for parish and town councils) is £12.8m an increase from £12.4m 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 Strategy. A detailed breakdown of the movements to and from reserves can be seen in Note 12 to the Accounts.

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

## Housing Revenue Account (HRA)

The table below summarises the financial position on the Council's HRA for 2022/23:

**Table 2: HRA Revenue Financial Performance 2022/23**

	<b>Budget</b>	<b>Actuals</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Dwelling Rents and Service Charges	(57,550)	(57,656)	(106)
Non Dwelling Rents	(102)	(97)	5
Charges for Services and Facilities	(1,849)	(1,905)	(56)
Interest on Investment Income	(42)	(1,084)	(1,042)
Contributions towards expenditure	(645)	(890)	(245)
<b>Total Income</b>	<b>(60,188)</b>	<b>(61,632)</b>	<b>(1,444)</b>
Repairs and Maintenance	11,471	16,713	5,242
Supervision and Management	12,425	13,401	976
Recharges	5,271	5,576	305
Depreciation	15,620	16,435	815
Revenue Contribution to Capital	3,284	0	(3,284)
Interest Payable	11,302	11,302	0
Other Expenditure	815	471	(344)
<b>Total Expenditure</b>	<b>60,188</b>	<b>63,898</b>	<b>3,710</b>
<b>(Surplus)/ Deficit prior to reserve movements</b>	<b>0</b>	<b>2,266</b>	<b>2,266</b>
Contribution To / (From) Reserves	0	(2,266)	(2,266)
<b>HRA Deficit / (Surplus)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Working Balance Brought Forward	(2,894)	(2,894)	0
<b>Working Balance Carried Forward</b>	<b>(2,894)</b>	<b>(2,894)</b>	<b>0</b>

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 have impacted repairs and maintenance costs in particular, with expenditure in this area being higher than seen in previous years.

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 2023/24.

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

### **Reserve movements**

The overall net contribution to reserves represents a 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 £2.9m, which is consistent with the minimum target balance of 5% of income stated in the Medium Term Financial Strategy.

### **Capital Programme**

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

- £15.7m on the Council's housing stock.
- £15.7m on housing development.
- £0.4m to support the development of affordable housing in the borough outside the Council's own new build programme
- £0.5m on replacing the Council's fleet vehicles.

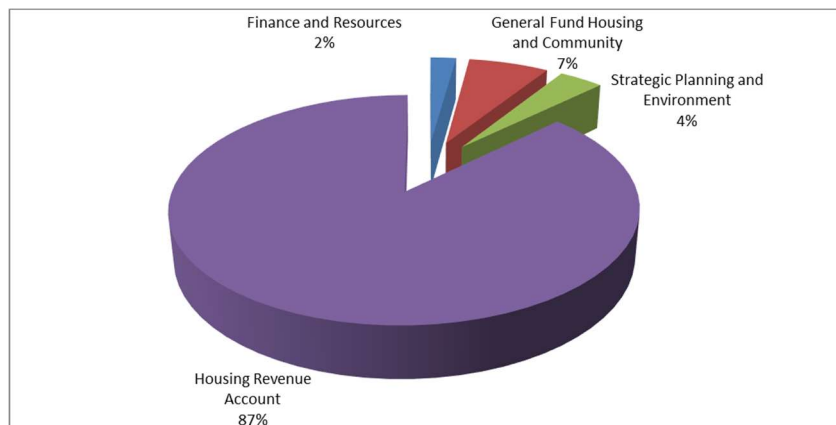
Key new housing investment in the borough includes the completion of the site at Coniston Road. Other projects include completion of new move- on accommodation and the Council's garages and investment in play spaces in the borough.

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

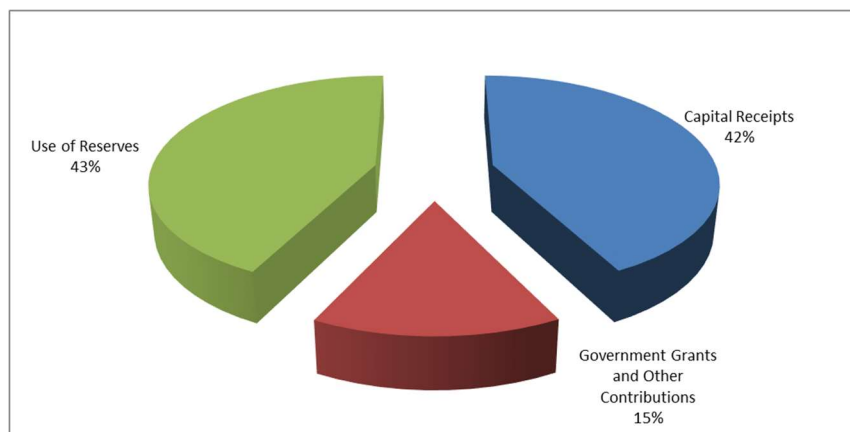
There has been some slippage of the capital programme into future years, resulting in part from rising prices requiring project review and dependency on third parties.

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

*Areas of capital investment 2022/23*



## Sources of capital financing 2022/23



### The Council's Financial Outlook

The Council's budget for 2023/24 and Medium- Term Financial Forecast were approved by Full Council in February 2023. The Council anticipates significant inflationary increases in 2023/24. This has been reflected in the 2023/24 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 2023/24. This is both as part of the Council's own internal reporting requirements and the external requirements placed on the Council 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 senior officers and members.

The Council's Medium Term Financial Strategy will be updated during 2023/24. Within this update, the Council 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 2022/23 (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 2022/23, and the financial position of the Council as at 31 March 2023. In order to present this information clearly, the Accounts encompasses the following elements:

The Main Financial Statements are:

#### **Comprehensive Income and Expenditure Statement**

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

#### **Movement in Reserves Statement**

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and 'total unusable reserves'.

#### **Balance Sheet**

The Balance Sheet shows the value as at 31 March 2023 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 2022/23, and the cumulative HRA balance.

#### **Collection Fund and Notes**

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

# Statement of Responsibilities for the Annual Statement of Accounts

## The Council's responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.
- Approve the Statement of Accounts by 30<sup>th</sup> September 2023. Approval of the Statement of Accounts has been delegated to the Audit Committee.

In accordance with the requirements of Accounts and Audit Regulations 2015 and amendments, I confirm that the Statement of Accounts for the year ended 31 March 2023 was approved by resolution of the Audit committee of Dacorum Borough Council on 20<sup>th</sup> September 2023.

**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 2023, and its income and expenditure for the year ending 31 March 2023.

**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/SOLACE<sup>2</sup> 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 is included within this statement.

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

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

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

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

The Council's governance arrangements provide a high level of assurance and remain effective. No significant weaknesses in governance arrangements were identified during 2022/23. 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 ensure that there are effective controls and risk management as it delivers these.

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

Good governance means:

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

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<sup>2</sup> SOLACE – Society of Local Authority Chief Executives and Senior Managers

## Scope of responsibility

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

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

## Purpose of the Governance Framework

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

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

The governance framework has been in place throughout the 2022/23 financial year and continues to be in place up to the date of the approval of the statement of accounts.

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

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

## The Governance Framework

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

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

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

To help engage communities in setting and achieving this vision and priorities, Dacorum Borough Council is committed to reviewing and improving services to ensure it is providing the services local people need. . The Council has an online consultation group of around 900 residents and sends all consultations to this group. The Council communicates with service users through its 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 continued to review its Medium Term Financial Strategy and 5 year Capital Programme during 2022/23 and as part of the budget preparation for 2023/24. For the Capital Programme, this included aligning resources to priorities through the appraisal of new schemes based on the Council's key priorities.

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

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

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

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

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

- Commercial Board
- Place Board
- People & Transformation Board
- Health and Safety Board
- Climate Change and Ecological Emergency Board

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

The Council 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 are 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.

External Audit's Audit Findings report for 2021/22, the most recent undertaken, concluded the Council had demonstrated a clear understanding of its role in securing economy, efficiency and effectiveness in its use of resources. No indications of potential significant weaknesses in this area were identified.

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

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

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

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

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

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

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

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

During 2022/23, the Assistant Director, Legal and Democratic Services, as the Council's Monitoring Officer, had overall responsibility for legal compliance. The Head of Legal and Democratic Services acted as the Deputy Monitoring Officer for the majority of 22/23, when the post holder departed. The Council commissioned back-up support from Hertfordshire County Council for a period of time prior to the permanent appointment of a new internal deputy Monitoring Officer now being the responsibility of the Principal Property Lawyer post. 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.

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

Part 5 of the Constitution contains the Code of Conduct for 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. Various amendments were made to the Constitution and approved by Council during 2022/23 so the Constitution remains fit for purpose. It was not necessary to make more substantial changes.

The Financial Regulations were updated during 2022/23 and the changes approved by Cabinet in July 2022. 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 in April 2022 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 2022/23.

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

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

### **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 2022/23 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.

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

### **Compliance with the Regulation of Investigatory Powers Act (RIPA)**

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

In compliance with the revised Home Office Codes of Practice, the Monitoring Officer was designated as the Council's Senior Responsible Officer with overall responsibility for ensuring the Council complies with RIPA and its own policy and procedures on the use of covert surveillance. During 2022/23, 4 applications were made for an authorisation under RIPA to carry out covert surveillance. The Council therefore remains a sparing user of directed surveillance.

All local authorities are subject to a three- year cycle of inspections carried out on behalf of the Chief Surveillance Commissioner. The last inspection was in February 2021, where some recommendations were made for improving the current policy and procedures, which are currently being actioned. There will be an annual report produced to Audit Committee reporting on the use of surveillance and seeking approval to any required changes to policy.

### **Compliance with the Data Protection Act (DPA)**

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

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Executive and the Strategic Leadership Team and has adopted the ICO's reporting template for potential breaches.

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

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

### **Whistle-blowing and investigating complaints from the public.**

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

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

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

A corporate complaints procedure is in place for the Council to receive and investigate any complaint made against it, or against a member of staff. Complaints against Members relating to alleged breaches of the 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 them with protocols, procedures, values and aims of the Council.

The Council is committed to developing and supporting elected members. This is particularly important given the ever changing skills and competencies essential to fulfil the requirements of being a councillor. After the 2019 borough elections, 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:

<b>Course</b>	<b>Date</b>
Mandatory Planning Training	April 2022
Enforcement Training	May 2022
CIL Training	May 2022
LGA Code of Conduct	June 2022
Private Rented Sector Briefing	June 2022
JSP Member Briefing	June 2022
Risk	June 2022
Role of the Audit Committee	July 2022
Domestic Abuse Policy	October 2022
Cultural Awareness	November 2022
Health and Safety	December 2022
Housing Development	January 2023

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

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needed to deliver services throughout the organisation. All Council employees have individual training records detailing courses attended. Performance reviews are undertaken midway and at the end of the year.

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

The Council's planning and decision-making processes are designed to include consultation with local people and stakeholders and to take account of their views. 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 the Hemel Garden Communities, 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 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 2022/23, 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 2022/23 Statement of Accounts, no priority 1 recommendations were identified.

The key elements of the Governance and internal controls process are summarised in this table:

<b>Key element</b>	<b>Role and Activity during the year</b>
Council	<ul style="list-style-type: none"> <li>• Approve Constitution including: Financial Regulations; Codes of Conduct; Commissioning &amp; Procurement Standing Orders; Scheme of Delegation</li> <li>• Set budget and policy framework</li> </ul>
Cabinet	<ul style="list-style-type: none"> <li>• Financial, performance and risk management of service delivery within the Budget and Policy Framework set by Council – quarterly reports</li> <li>• Responsibility for key decisions and initiating corrective action in relation to risk and internal control issues</li> <li>• Monthly public meetings (excluding any summer recess)</li> <li>• Regular briefings with Chief Officers</li> </ul>
Audit Committee	<ul style="list-style-type: none"> <li>• Minimum Four scheduled meetings per annum</li> <li>• Review and scrutinise the outcome of Internal and External audit reports and other external agencies such as the Ombudsman</li> <li>• Monitor the Governance arrangements within the Council</li> <li>• Delegated responsibility to scrutinise and approve the Financial Statements on behalf of the Council</li> <li>• To consider the External Auditor's report on issues arising from the audit of the accounts</li> </ul>



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Overview & Scrutiny Committees: Housing & Community Strategic Planning & Environment Finance & Resources	<ul style="list-style-type: none"> <li>To provide overview and scrutiny and policy development role in relation to business associated with the Cabinet Portfolios</li> <li>To monitor the performance of relevant Council services, including services which are provided under contract or agreement by external organisations or private sector companies</li> </ul>
Standards Committee	<ul style="list-style-type: none"> <li>Consider allegations of breaches of the Code of Conduct</li> <li>Promote and maintain high standards of conduct by the members of the Council</li> </ul>
Internal Audit – (outsourced service provided by TIAA Ltd)	<ul style="list-style-type: none"> <li>Set overall internal audit strategy to meet the Council's overall direction</li> <li>Undertake an annual programme of audits</li> <li>Present audit reports to Management and to Audit Committee</li> <li>Present progress reports to Audit Committee measuring performance against the Audit Plan</li> </ul>
Chief Executive (Head of Paid Service)	<ul style="list-style-type: none"> <li>Overall corporate policy management and operational responsibility</li> <li>Chair of Strategic Leadership Team</li> </ul>
Monitoring Officer (Assistant Director Legal and Democratic Services)	<ul style="list-style-type: none"> <li>Maintain the Constitution</li> <li>Ensure lawfulness and fairness of decision making</li> <li>Supporting the Standards Committee</li> <li>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</li> <li>Act as the Senior Information Risk Officer &amp; Senior Responsible Officer (RIPA)</li> <li>Proper officer for access to information</li> <li>Provide advice and contribute to corporate management as a member of the Corporate Leadership Team</li> </ul>
Section 151 Officer (Chief Finance Officer)	<ul style="list-style-type: none"> <li>Ensure lawfulness and financial prudence of decision making</li> <li>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</li> <li>Contribute to corporate management as a member of the Corporate Leadership Team</li> <li>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</li> <li>Provide financial information to the media, members of the public and community</li> </ul>
Statutory Officers Comments – Monitoring Officer & Section 151 Officer	<ul style="list-style-type: none"> <li>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</li> <li>Review of governance issues arising out of day to day working practices</li> <li>Consider issues arising out of the annual assurance statements</li> </ul>
Strategic Directors	<ul style="list-style-type: none"> <li>Overall strategic and operational management of those services falling within each individual directorate</li> <li>Contribute to corporate management as members of the Strategic Leadership Team</li> </ul>
Strategic Leadership Team	<ul style="list-style-type: none"> <li>Financial/Budgetary monitoring, Performance monitoring and monitoring of the corporate officer working groups.</li> <li>Quarterly review of strategic risk management</li> <li>Monitoring of the Internal Audit Programme.</li> </ul>
Performance Board	<ul style="list-style-type: none"> <li>Review performance against Council Vision and Priorities</li> </ul>
Corporate Working Groups	<ul style="list-style-type: none"> <li>Cross Council Officer groups overseeing activity, performance and risks within remit</li> <li>Oversee and review delivery of all relevant operational matters and establish and receive reports from sub-groups as necessary</li> <li>Consider options appraisals and make recommendations for SLT and Cabinet consideration</li> </ul>
Assistant Directors and Heads of Service(Corporate Leadership Team)	<ul style="list-style-type: none"> <li>Operational management for the services falling within each individual service area</li> <li>Assurance Statements covering all of the Council's key internal controls, including: Financial Regulations; Commissioning &amp; Procurement Standing Orders; Employees Code of Conduct; Corporate Policies; and risk management.</li> </ul>

## 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

2022/23 has presented challenges in respect of medium-term financial planning, arising from 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 2022/23 included 17 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 2022/23, the internal audit reports have currently resulted in 1 limited assurance, 10 reasonable assurances and 6 substantial assurances.

Internal audit reports provide recommendations for improvements. In total 58 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.

Published internal audit reports are available at [www.dacorum.gov.uk](http://www.dacorum.gov.uk). Further details are available upon request. The Internal Auditor's 2022/23 Annual Report was presented to Audit Committee in June 2023.

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.

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

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

Signed .....  
(Councillor Ron Tindall - Leader of the Council)

*Date:*

Signed .....  
(Claire Hamilton - Chief Executive)

*Date:*

## Comprehensive Income and Expenditure Statement

	Note	2022/23			2021/22		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
		£'000	£'000	£'000	£'000	£'000	£'000
Finance and Resources (GRF)		58,051	(38,346)	19,705	60,735	(39,777)	20,958
Housing and Community (GRF)		9,969	(6,893)	3,075	10,525	(6,501)	4,023
Strategic Planning & Environment (GRF)		22,069	(6,462)	15,607	25,288	(12,065)	13,223
Housing and Community (HRA)		63,897	(60,549)	3,348	49,832	(58,717)	(8,884)
<b>Total Cost of Services</b>		<b>153,986</b>	<b>(112,251)</b>	<b>41,735</b>	<b>146,380</b>	<b>(117,060)</b>	<b>29,320</b>
Other Operating Expenditure	8			(2,328)			(1,793)
Financing and Investment Income and Expenditure	9			5,254			8,153
Taxation and Non Specific Grant Income	10			(27,570)			(28,872)
<b>(Surplus)/Deficit on Provision of Services</b>				<b>17,090</b>			<b>6,807</b>
(Surplus)/ Deficit on Revaluation of Property Plant, Equipment	30			(102,750)			(80,360)
Actuarial (Gains)/Losses on Pension Asset / Liabilities	36			(69,436)			(29,132)
<b>Other Comprehensive Income and Expenditure</b>				<b>(172,186)</b>			<b>(109,492)</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>(155,096)</b>			<b>(102,685)</b>

-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
<b>Balance at 31 March 2021</b>	<b>2,502</b>	<b>28,980</b>	<b>2,892</b>	<b>6,977</b>	<b>172</b>	<b>13,463</b>	<b>46,180</b>	<b>101,166</b>	<b>900,094</b>	<b>1,001,260</b>
Movement in Reserves During 2021/22:										
Surplus or (Deficit) on Provision of Services	(3,782)	0	(3,026)	0	0	0	0	(6,807)	0	(6,807)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	109,492	109,492
<b>Total Comprehensive Income and Expenditure</b>	<b>(3,782)</b>	<b>0</b>	<b>(3,026)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,807)</b>	<b>109,492</b>	<b>102,685</b>
Adjustments Between Accounting Basis and Funding Basis Under Regulations:	11 (2,100)	0	3,046	0	4,632	4,966	951	11,496	(11,496)	0
<b>Net Increase/(Decrease) Before Transfers to Earmarked Reserves</b>	<b>(5,882)</b>	<b>0</b>	<b>20</b>	<b>0</b>	<b>4,632</b>	<b>4,966</b>	<b>951</b>	<b>4,689</b>	<b>97,996</b>	<b>102,685</b>
Transfer (to)/from Earmarked Reserves	12 5,882	(5,882)	(20)	20	0	0	0	0	0	0
<b>Balance at 31 March 2022</b>	<b>2,502</b>	<b>23,098</b>	<b>2,892</b>	<b>6,997</b>	<b>4,804</b>	<b>18,429</b>	<b>47,131</b>	<b>105,855</b>	<b>998,090</b>	<b>1,103,945</b>
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
<b>Total Comprehensive Income and Expenditure</b>	<b>(4,650)</b>	<b>0</b>	<b>(12,440)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(17,090)</b>	<b>172,186</b>	<b>155,096</b>
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
<b>Net Increase/(Decrease) Before Transfers to Earmarked Reserves</b>	<b>(4,145)</b>	<b>0</b>	<b>(2,266)</b>	<b>0</b>	<b>(400)</b>	<b>1,964</b>	<b>(6,737)</b>	<b>(11,584)</b>	<b>166,680</b>	<b>155,096</b>
Transfer (to)/from Earmarked Reserves	12 4,144	(4,144)	2,266	(2,266)	0	0	0	0	0	0
<b>Balance at 31 March 2023</b>	<b>2,501</b>	<b>18,954</b>	<b>2,892</b>	<b>4,731</b>	<b>4,404</b>	<b>20,393</b>	<b>40,395</b>	<b>94,270</b>	<b>1,164,770</b>	<b>1,259,041</b>

## Balance Sheet

	Note	31 March 2022 £'000	31 March 2023 £'000
<b>Long-term Assets</b>			
Property, Plant & Equipment	25	1,340,976	1,437,565
Investment Property	27	66,454	65,265
Heritage Assets	33	8,823	8,957
Intangible Assets	28	448	571
Long-term Debtors	21	384	6,241
<b>Total Long Term Assets</b>		<b>1,417,085</b>	<b>1,518,600</b>
<b>Current Assets</b>			
Short-term Investments	34	100,549	93,528
Assets Held for Sale	29	0	0
Inventories		207	299
Short-term Debtors	22	20,216	22,889
Cash and Cash Equivalents	34	39,399	11,693
<b>Total Current Assets</b>		<b>160,372</b>	<b>128,409</b>
<b>Current Liabilities</b>			
Short-term Creditors	20	(33,926)	(30,875)
Short-term Borrowing	34	(1,829)	(2,762)
Revenue Grants and Contributions	18	(15,144)	(4,100)
Capital Grants and Contributions	18	(1,424)	(2,421)
Short-term Provisions	24	(7,971)	(8,955)
<b>Total Current Liabilities</b>		<b>(60,294)</b>	<b>(49,112)</b>
<b>Long-term Liabilities</b>			
Long-term Creditors	19	(258)	(257)
Long-term Borrowing	34	(347,974)	(334,808)
Net Pension Liability	36	(64,986)	(3,791)
<b>Total Long-term Liabilities</b>		<b>(413,218)</b>	<b>(338,856)</b>
<b>Net Assets (Assets Less Liabilities)</b>		<b>1,103,945</b>	<b>1,259,040</b>
<b>Usable Reserves</b>			
General Fund	11	2,500	2,500
Earmarked Reserves – General Fund	12	23,098	18,954
Housing Revenue Account (HRA)	11	2,894	2,893
Earmarked Reserves – HRA	12	6,997	4,731
Major Repairs Reserve	11	4,805	4,405
Capital Grants Unapplied Account	11	18,429	20,392
Capital Receipts Reserve	11	47,131	40,394
<b>Total Usable Reserves</b>		<b>105,853</b>	<b>94,269</b>
<b>Unusable Reserves</b>			
Revaluation Reserve	30	640,658	731,846
Capital Adjustment Account	31	431,051	437,173
Deferred Capital Receipts		0	0
Collection Fund Adjustment Account		(6,357)	(719)
Financial Instruments Adjustment Account		0	546
Pension Reserve	36	(66,981)	(3,791)
Accumulated Absences Account		(279)	(283)
<b>Total Unusable Reserves</b>		<b>998,092</b>	<b>1,164,772</b>
<b>Total Reserves</b>		<b>1,103,945</b>	<b>1,259,040</b>

## Cashflow Statement

	2022/23 £'000	2021/22 £'000
<b>Net Surplus/(Deficit) on Provision of Services</b>	<b>(17,090)</b>	<b>(6,807)</b>
<b>Operating Activities</b>		
<b>Adjustments to surplus/deficit for non cash movements</b>		
Depreciation & Impairment & Valuations to the CIES for Property	36,539	31,669
Amortisation of Intangible Assets	118	144
Disposal of Assets	5,631	6,990
Changes in Inventory	(91)	(42)
Changes in Debtors	(4,270)	2,140
Changes in Creditors	(17,110)	5,989
Changes in Net Pension Liability	8,241	8,895
Other non-cash Movements	665	(348)
	29,723	55,436
<b>Adjustment for items included in the net surplus or deficit on the provision of services that are investing &amp; financing activities</b>		
Proceeds from short-term investments	0	0
Proceeds from the sale of non-current assets	(8,974)	(11,387)
Any other items for which the cash effects are investing or financing cash flows	(7,442)	(8,442)
	(16,415)	(19,829)
<b>Net Cash Flows from Operating Activities</b>	<b>(3,782)</b>	<b>28,800</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant & Equipment, Investment Property and Intangibles	(33,087)	(27,682)
Net Changes in Short-term and Long-term Investments	7,750	(33,000)
Other payments for investing activities	(6,000)	0
Proceeds from the Disposal of Property, Plant and Equipment	9,083	11,363
Other receipts from investing activities	8,575	10,544
<b>Net Cash Flows from Investing Activities</b>	<b>(13,679)</b>	<b>(38,775)</b>
<b>Cash Flows from Financing Activities</b>		
Repayments of borrowing	(12,233)	(3,823)
Other payments for financing activities	1,988	7,398
<b>Net Cash Flows from Financing Activities</b>	<b>(10,245)</b>	<b>3,575</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(27,707)</b>	<b>(6,400)</b>
<b>Cash and Cash Equivalents at the Beginning of the Period</b>	<b>39,400</b>	<b>45,800</b>
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>11,693</b>	<b>39,400</b>
The cash flows for operating activities include the following items:		
Interest Receivable and Similar Income	2,783	138
Interest Payable and Other Similar Charges	(11,771)	(11,963)

## 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 2022/23 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). In preparing the Accounts, conforming to the Code requires the use of certain critical accounting estimates and management to exercise judgement in applying the accounting policies. Following the UK withdrawal from the remit of the EU-endorsement framework, the Code is based on standards adopted for UK application under the terms of the International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 (SI 2019/685)

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

#### Going Concern

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

#### Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser, and it is probable economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable economic benefits or service potential associated with the transaction will flow to the Council.
- Expenses in relation to services received (including those provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and consumed, they are carried as inventories on the Balance Sheet.
- Long-term contracts are accounted for by charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

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



- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet.

### **Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively.

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

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

### **Council Tax and Non-Domestic Rates (NDR)**

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

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

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

### **Community Infrastructure Levy (CIL)**

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

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

### **Government Grants and Other Contributions**

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

Conditions are stipulations that future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as Creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

### **Overheads and Support Services**

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

### **Charges to Revenue for Non-Current Assets**

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

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

### **Fair Value**

The Council values some of its non-financial assets such as surplus assets and investment properties at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When applying the definition of fair value, non-financial assets shall be measured at highest and best use.

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

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

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

Level 3 – unobservable inputs for the asset or liability.

### **Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and expected to be used for more than one financial year are classified as Property, Plant and Equipment.

Initial and Subsequent expenditure on Property, Plant and Equipment is capitalised on at cost on an accruals basis when it will bring future economic benefits or service potential to the Council for more than one reporting period and the costs can be reliably measured, subject to a de-minimis

capitalisation threshold of £10,000 per scheme. Items below this limit are charged to revenue. The Council does not capitalise borrowing costs incurred whilst assets are under construction. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to the Comprehensive Income and Expenditure Statement during the financial period they are incurred.

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

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

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

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

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

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

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

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007, the date of its 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 (DHT), and are available for public viewing on request. These assets are held on the Balance Sheet at insurance valuation. The miscellaneous assets not managed by the DHT are not reported on the

Balance Sheet as the cost of valuation would be disproportionate to the benefits of the users of the accounts.

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

### **Revenue Expenditure Funded From Capital Under Statute (REFCUS)**

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

### **Lease Classification**

Leases are classified as either finance leases or operating leases based on the substance of the arrangement. Arrangements that do not have the legal status of a lease but convey a right to use a specific asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

#### Operating Leases (Council as Lessee)

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

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

#### Finance Leases (Council as Lessee)

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

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

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

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

#### Operating Leases (Council as Lessor)

Where the Council grants an operating lease over a non-current asset, the leased asset remains on the Balance Sheet. The lease income is recognised over the term of the lease on a straight-line basis

in the Income and Expenditure in the Investment Properties line in the Comprehensive Income and Expenditure Statement. Contingent rent is recognised in the period it arises.

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

### Finance Leases (Council as Lessor)

Where the authority grants a finance lease over a non-current asset, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line for property, plant and equipment or assets held for sale and the investment properties line for investment in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

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

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

### **Investment Property**

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

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

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

Revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### Non-current Assets Held for Sale

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

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

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Any subsequent decrease (loss) in fair value less costs to sell, is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Assets Held for Sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Assets Held for Sale, and their recoverable amount at the date of the decision not to sell.

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

### Disposals

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of housing disposals receipts may be payable to Government. The balance of receipts is credited to the Capital Receipts Reserve, and can only be used for new capital investment. Receipts are appropriated to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

### Minimum Revenue Provision

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

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

### Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments maturing in no more than three

months or less from acquisition date and readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

### Leave Accrual

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

### Termination Benefits

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

Where termination benefits involve pension enhancements, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any amounts payable but unpaid at year-end.

### Pensions

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

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

- The liabilities of the Hertfordshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projected earnings for current employees;
- Liabilities are discounted to their value at current prices, using a discount rate annually reviewed and recommended by the Actuary;
- The assets of Hertfordshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price;
  - unquoted securities – professional estimate;
  - 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 the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the policies above.

### Provisions

Provisions are recognised when:

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

## Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

## Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund or Housing Revenue Account Balances in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated into the General Fund or Housing Revenue Account Balance in the Movement in Reserves Statement so there is no net charge against council tax or housing rent for the expenditure.

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

## Financial Instruments

### Recognition

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

### Financial Assets measured at amortised cost

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

### Expected Credit Loss Model

The council recognises expected credit losses on all its financial assets held at amortised cost on either a 12 month or lifetime basis. Impairment losses are calculated to reflect the expectation that future cash flows might not take place because the borrower could default on their obligations. Credit risk is crucial in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on 12-month expected losses basis.

## Financial Liabilities

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

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

## **Value Added Tax (VAT)**

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

## **Events after the Balance Sheet Date**

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

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

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

## **2. Accounting standards issued but not yet adopted**

The Code requires the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code to be disclosed. The standards introduced by the 2023/24 Code and where disclosures are required in the 2022/23 financial statements are:

1. Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
2. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
3. Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021- only applicable to Councils with group accounts, so not applicable to Dacorum Borough Council.
4. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

These changes are not expected to have a material effect on the Council's 2023/24 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**

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

Valuation of Property, Plant and Equipment

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

The value of Council dwellings fluctuates with changes in the current market value of residential properties. A 5% change in property prices would affect the carrying value of the council dwellings by £62.234m in the Balance Sheet and change the annual depreciation charge by £1.037m 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 £7.246m. A 5% change in value of Council assets categorised as Investment properties would affect the carrying value of these assets by £3.263m.

Provision for Outstanding Business Rates Appeals

On 1 April 2013, Local Authorities assumed the liability for refunding ratepayers who have successfully appealed against the Business Rates rateable value of their properties. It is unknown how many of the outstanding appeals will be successful, though estimation techniques have been applied to the outstanding appeals using historic success rate data, including those that may be speculative claims. The carrying amount of the Provision is £17.9m, of which the Councils share is £7.16m. An increase in the success rate by 5% would change the required provision by £0.895m, 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 2023 as follows:

	<b>2022/23</b>
	<b>£'000</b>
0.1% decrease in the real discount rate	4,053
1 year increase in member life expectancy	9,434
0.1% increase in salary increase rate	392
0.1% increase in the pension increase rate (CPI)	3,723

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 25<sup>th</sup> May 2023. 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 2023.

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

	2022/23			2021/22		
	Net Expenditure Chargeable to the General Fund & HRA Balances £'000	Adjustments Between the Funding & Accounting Basis (Note 7) £'000	Net Expenditure in the Comprehensive Income & Expenditure Statement £'000	Net Expenditure Chargeable to the General Fund & HRA Balances £'000	Adjustments Between the Funding & Accounting Basis (Note 7) £'000	Net Expenditure in the Comprehensive Income & Expenditure Statement £'000
Finance and Resources (GRF)	15,964	3,742	19,705	14,902	6,056	20,958
Housing and Community (GRF)	791	2,285	3,075	1,179	2,844	4,023
Strategic Planning & Environment (GRF)	11,698	3,909	15,607	9,889	3,334	13,223
Housing and Community (HRA)	(13,527)	16,875	3,348	(20,995)	12,110	(8,884)
<b>Net Cost of Services</b>	<b>14,925</b>	<b>26,810</b>	<b>41,735</b>	<b>4,976</b>	<b>24,344</b>	<b>29,320</b>
Other Income and Expenditure	(8,514)	(16,131)	(24,645)	887	(23,400)	(22,513)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>6,411</b>	<b>10,679</b>	<b>17,090</b>	<b>5,863</b>	<b>945</b>	<b>6,807</b>
			<b>2022/23 £'000</b>			<b>2021/22 £'000</b>
<b>Opening Balance: General Fund, Earmarked Reserves &amp; HRA Balance</b>			<b>(35,488)</b>			<b>(41,351)</b>
Less Surplus/Deficit on Provision of Services			6,411			5,863
<b>Closing Balance on General Fund, Earmarked Reserves and HRA Balance</b>			<b>(29,077)</b>			<b>(35,488)</b>

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

	Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Adjustments	Total Adjustments Between Funding & Accounting Basis
<b>2021/22</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Finance and Resources (GRF)	5,449	668	(62)	<b>6,056</b>
Housing and Community (GRF)	1,895	969	(20)	<b>2,844</b>
Strategic Planning & Environment (GRF)	965	2,452	(84)	<b>3,334</b>
Housing and Community (HRA)	11,065	1,094	(49)	<b>12,110</b>
<b>Net Cost of Services</b>	<b>19,374</b>	<b>5,184</b>	<b>(214)</b>	<b>24,344</b>
Other Income and Expenditure	(7,389)	1,773	(17,784)	<b>(23,400)</b>
<b>(Surplus)/Deficit on Provision of Services</b>	<b>11,985</b>	<b>6,957</b>	<b>(17,998)</b>	<b>945</b>

## 7. Expenditure and Income Analysed by Nature

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

	2022/23	2021/22
	£'000	£'000
<b>Expenditure</b>		
Employees (including pension adjustments)	46,857	43,111
Premises	20,518	15,463
Transport	2,208	1,811
Supplies & Services	16,089	19,740
Third Party & Transfer Payments	33,912	35,798
Capital Charges/Revaluations	38,544	33,760
Parish Precepts	1,015	1,000
Interest Payments	11,771	11,962
Non Current assets written off as part of disposal gain	5,631	6,990
Payments to the Housing Receipts Pool	0	1,604
<b>Total Expenditure</b>	<b>176,545</b>	<b>171,238</b>
<b>Income</b>		
Fees, Charges and Other Service Income	(83,185)	(80,854)
Interest & Investment Income	(3,709)	(162)
Income from Council Tax	(13,907)	(13,430)
Income from Business Rates	(718)	9
Government Grants & Other Contributions	(48,961)	(58,605)
Sale proceeds on asset disposal and lease amortisation	(8,974)	(11,388)
<b>Total Income</b>	<b>(159,455)</b>	<b>(164,431)</b>
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>17,090</b>	<b>6,807</b>

## 8. Other Operating Expenditure

	2022/23	2021/22
	£'000	£'000
Parish Council Precepts	1,015	1,000
Payments to the Government Housing Capital Receipts Pool	0	1,604
(Gains)/Losses on the Disposal of Non Current Assets	(3,343)	(4,397)
<b>Total</b>	<b>(2,328)</b>	<b>(1,793)</b>

9. Financing and Investment Income & Expenditure

	2022/23	2021/22
	£'000	£'000
Interest Payable and Other Similar Charges	11,771	11,962
Interest Receivable and Similar Income	(3,709)	(162)
Net Interest on the Net Defined Benefit Liability/Asset	1,839	1,773
Rental Income from Investment Property	(5,117)	(5,194)
Direct Operating Expenses Arising from Investment Property	788	947
Changes In Fair Value of Investment Property	(318)	(1,173)
<b>Total</b>	<b>5,254</b>	<b>8,153</b>

10. Taxation and Non-Specific Grant Income

	2022/23	2021/22
	£'000	£'000
Council Tax Income	(13,907)	(13,430)
Non Domestic Rates Income & Expenditure	1,115	1,764
Non-ring-fenced Government Grants	(7,337)	(8,764)
Capital Grants and Contributions	(7,441)	(8,442)
<b>Total</b>	<b>(27,570)</b>	<b>(28,872)</b>

11. Usable Reserves

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

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

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

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

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



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

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
<b>Adjustments involving the Capital Adjustment Account</b>						
Reversal of Items debited or credited to the Comprehensive Income & Expenditure Statement (CIES):						
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)
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement (CIES):						
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
<b>Adjustments involving the Capital Receipts Reserve:</b>						
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
<b>Adjustments involving the Major Repairs Reserve:</b>						
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
<b>Adjustments involving the Capital Grant Unapplied Account</b>						
Capital Grants and Contributions unapplied credited to the CIES	(1,984)	0	0	1,984	0	0
<b>Adjustments involving the Pensions Reserve:</b>						
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
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>						
Discounts incurred and charged to the CIES	(546)	0	0	0	0	546
<b>Adjustments involving the Collection Fund Adjustment Account:</b>						
Amount council tax & business rates credited to the CIES differs from that calculated under statutory requirements	(5,639)	0	0	0	0	5,639
<b>Adjustments involving the Accumulated Absences Reserve:</b>						
Absences Accrual transferred to the Accumulated Absences Account	8	0	(4)	0	0	(4)
<b>Adjustments Between Accounting Basis &amp; Funding Basis Under Regulations</b>	<b>505</b>	<b>(400)</b>	<b>10,174</b>	<b>1,964</b>	<b>(6,737)</b>	<b>(5,506)</b>

## Notes to the Accounts

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

**12. Earmarked Reserves**

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

	Balance 31/03/2022	Transfers Out 2022/23	Transfers in 2022/23	Balance 31/03/2023
	£'000	£'000	£'000	£'000
<b>General Fund Reserves:</b>				
Management of Change	258	(707)	1,175	726
Local Development Framework	477	0	70	547
Funding Equalisation	10,047	(7,967)	5,118	7,198
Economic Recovery	2,807	(1,725)	0	1,082
Capital Development	300	(300)	0	0
Uninsured Loss	360	0	0	360
Litigation Reserve	317	0	0	317
Pensions Reserve	2,573	(719)	200	2,054
Dacorum Development	2,707	(1,028)	1,678	3,358
Savings Efficiency	907	(517)	491	881
Technology Reserve	752	(11)	0	741
Covid Hardship Fund	133	0	0	133
Leisure Reserve	0	0	330	330
Inflationary Pressure Reserve	565	(267)	0	298
Other Under £250k	895	(563)	598	930
<b>Total General Fund Reserves</b>	<b>23,098</b>	<b>(13,805)</b>	<b>9,660</b>	<b>18,954</b>
<b>Housing Revenue Account Reserves:</b>				
Strategic Acquisition	4,041	0	0	4,041
Revenue Commitments	2,439	(2,289)	0	150
Other HRA (Under £300k)	517	0	22	540
<b>Total HRA Reserves</b>	<b>6,997</b>	<b>(2,289)</b>	<b>22</b>	<b>4,731</b>
<b>Total Earmarked Reserves</b>	<b>30,096</b>	<b>(16,093)</b>	<b>9,683</b>	<b>23,685</b>

**13. Members' Allowances**

The following amounts were due to Members:

	2022/23 £'000	2021/22 £'000
<b>Salaries</b> (Basic & Special allowances)	443	426
<b>Allowances</b> (Broadband)	1	2
<b>Expenses</b> (Travel & Subsistence)	1	0
<b>Total</b>	<b>445</b>	<b>428</b>

14. Remuneration of Employees

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

Total Remuneration	2022/23	2021/22
£50,000 - £54,999	32	27
£55,000 - £59,999	9	8
£60,000 - £64,999	9	1
£65,000 - £69,999	4	3
£70,000 - £74,999	1	10
£75,000 - £79,999	5	3
£80,000 - £84,999	4	0
£100,000 - £104,999	1	0
<b>Total</b>	<b>65</b>	<b>52</b>

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

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

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

There were no benefits in kind received by Senior Officers in 2021/22 or 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	
	22/23	21/22	22/23	21/22	22/23	21/22	22/23	21/22
£0 - £20,000	0	1	1	0	1	1	10	20
£20,001 - £40,000	0	0	1	0	1	0	25	0
£40,001 - £60,000	0	0	2	0	2	0	100	0
£60,001 - £80,000	0	1	0	0	0	1	0	80
£80,001 - £100,000	0	1	0	0	0	1	0	84
<b>Total</b>	<b>0</b>	<b>3</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>3</b>	<b>135</b>	<b>184</b>

### 15. Related Party Transactions

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

#### Herts Building Control Limited

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 of the business and having representation on the board. The Strategic Director Place is a director on behalf of the Council. The Chief Executive 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 22/23, there was expenditure of £32k. There were no material amounts due to from the Council and Herts Building Control as at 31<sup>st</sup> March 2023. 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 2022/23 is shown in note 13. Disclosures of interest have been made in respect of the following organisations to which payments were made or from which payments were received (excluding major and local precepting authorities). Where grants were given, they were made with proper consideration of the declaration of interests and the relevant Members did not take part in any discussion or decision relating to the grants. The Register of Members' Interests shows both potential financial and other interests, including involvement with

## Notes to the Accounts

voluntary organisations, public authorities and various other bodies. It is available on the Council's website.

Transactions in 2022/23 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 2022/23	Income 2022/23	Amount owed by/(to) the Council 31/03/2023	Nature of Transaction
		£'000	£'000	£'000	
Jarvis Group Ltd & Jarvis Contracting Ltd	Fiona Jump (Head of Financial Services)	4,092	(0)	0	Construction
Community Action Dacorum	Cllrs Birnie, Griffiths & Symington	188	(0)	0	Grants
Hemel Business Improvement District	James Doe-Strategic Director Place	138	0	15	Grants
West Herts Crematorium Committee	Cllr Douris	0	(75)	(25)	Licence fee and contribution
Hemel Hempstead Day Centre (Centre in the Park)	Cllrs Sutton & Anderson	10	(0)	0	CIL funding
Chilterns Conservation Board	Cllr Symington	8	0	0	Grant
PATROL (Parking and Traffic Regulations outside London) Committee	Cllr Douris	3	0	0	Membership
St Francis Hospice	Cllr Symington	2	(11)	0	Commercial Waste and Rent
Tring Market Auctions	Cllr Hearn	0	(1)	0	Licence
Stage Two Ltd	Cllr Douris	0	(1.2)	0	Rent
POS Enterprises	James Doe-Strategic Director Place	5	0	0	Participation Fee

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 the purpose of building a new crematorium.

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

**16. External Audit Costs**

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

	2022/23 £'000	2021/22 £'000
External audit services carried out by the appointed auditor for the year	64	59
External audit services carried out by the appointed auditor for prior years	45	33
Certification of grant claims and returns for previous years	(2)	6
Certification of grant claims and returns for the year	23	23
<b>Total</b>	<b>130</b>	<b>120</b>

Audit fees are subject to review by the Public Sector Audit Appointments (PSAA). In 2022/23, the Council received £28k grant relating to the Redmond Review (£29.1k in 2021/22).

**17. Revenue Grant Income**

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

	2022/23 £'000	2021/22 £'000
<b>Non Specific Grant Income</b>		
New Homes Bonus	(1,294)	(1,103)
Covid-19 Local Authority Support Grant	0	(697)
Covid-19 Sales, Fees and Charges Income Compensation Scheme	0	(221)
Business Rates Relief	(5,345)	(5,996)
Lower Tier Services Grant	(138)	0
Services Grant	(208)	0
Other	(352)	(747)
<b>Total</b>	<b>(7,337)</b>	<b>(8,764)</b>
<b>Grants Credited to Services</b>		
Benefits Subsidy and Administration	(31,197)	(33,198)
Covid-19 Business Support Grants - Council acting as principal	(120)	(5,001)
Other	(2,829)	(3,305)
<b>Total</b>	<b>(34,146)</b>	<b>(41,504)</b>

**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	2021/22 £'000
<b>Revenue Grants and Other Contributions</b>		
As of the Beginning of the Period	(15,143)	(12,788)
Receipts	(4,221)	(22,346)
Conditions Satisfied	15,265	19,990
<b>Closing Balance</b>	<b>(4,099)</b>	<b>(15,143)</b>

## Notes to the Accounts

The balances of the revenue grants are as follows:

	2022/23	2021/22
	£'000	£'000
<b>Revenue Grants Yet to be Recognised as Income</b>		
Homelessness Support Grant	(469)	(472)
Strategic & Planning Delivery Grants	(1,772)	(1,372)
Public Health	(10)	(11)
Refugee Grant	(573)	(448)
Test and Trace Support Grant	(97)	(132)
Council Tax- Energy Rebate Scheme - acting as principal	(7)	(289)
Other	(415)	(207)
Covid- 19 Business Support Grants acting as principal	(3)	(123)
<b>Total</b>	<b>(3,346)</b>	<b>(3,053)</b>

In addition, within the Revenue Grants and Contributions Current liabilities line in the Balance Sheet, the council is holding £0.026m (£5.479m in 2021/22) relating to Covid Business Support Grants and £0.729m (£6.611m in 2021/22) for the Council tax energy rebate scheme, both of which the Council is acting as agent.

	2022/23	2021/22
	£'000	£'000
<b>Capital Grants and Contributions yet to be recognised as income</b>		
As of the Beginning of the Period	1,424	484
Receipts	5,096	2,072
Conditions Satisfied	(4,099)	(1,133)
<b>Closing Balance</b>	<b>2,421</b>	<b>1,424</b>

	2022/23	2021/22
	£'000	£'000
<b>Breakdown of Capital Grants and Contributions yet to be recognised as income</b>		
Disabled Facilities Grant	(1,083)	766
Other	(1,338)	658
<b>Total</b>	<b>(2,421)</b>	<b>1,424</b>

### 19. Long Term Creditors

	2022/23	2021/22
	£'000	£'000
Other Entities and Individuals (2 leases)	257	258
<b>Total Long-term Creditors</b>	<b>257</b>	<b>258</b>

### 20. Short-term Creditors

	2022/23	2021/22
	£'000	£'000
Central Government Bodies	12,086	15,163
Other Local Authorities	2,596	1,122
Other Entities and Individuals	16,193	17,641
<b>Total Short-term Creditors</b>	<b>30,875</b>	<b>33,926</b>



**21. Long-term Debtors**

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

	2022/23	2021/22
	£'000	£'000
Other Local Authorities	6,000	0
Other Entities and Individuals	241	384
<b>Total Long-term Debtors</b>	<b>6,241</b>	<b>384</b>

This includes a bad debt provision of £35k 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	2021/22
	£'000	£'000
Central Government Bodies	5,091	1,237
Other Local Authorities	4,705	5,171
Other Entities and Individuals	13,093	13,808
<b>Total Short-term Debtors</b>	<b>22,889</b>	<b>20,216</b>

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

<b>Bad Debt Impairment Allowances</b>	<b>2022/23</b>	<b>2021/22</b>
	£'000	£'000
Sundry Debtors	2,385	2,706
Housing Rents and Garages	2,126	2,077
Council Tax/Summons Fees	307	342
Business Rates/Summons Fees	1,797	1,854
Benefits Overpayments	1,379	1,437
<b>Total Bad Debt Provisions</b>	<b>7,993</b>	<b>8,417</b>

**23. Contingent Liabilities**

The council has no material contingent liabilities.

24. Provisions

The Council maintains the following provisions:

	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
<b>General Fund Provisions</b>					
Insurance- General Fund	569	67	(42)	(102)	492
Business Rates Appeals	6,092	1,069	0	0	7,161
<b>Total General Fund</b>	<b>6,661</b>	<b>1,137</b>	<b>(42)</b>	<b>(102)</b>	<b>7,653</b>
Water Charges- HRA <sup>(a)</sup>	902	0	(3)	0	900
Insurance-HRA	408	393	(276)	(122)	402
<b>Total HRA</b>	<b>1,310</b>	<b>393</b>	<b>(279)</b>	<b>(122)</b>	<b>1,302</b>
<b>Total Short-term Provisions</b>	<b>7,971</b>	<b>1,530</b>	<b>(321)</b>	<b>(224)</b>	<b>8,955</b>
	Balance as at 31 March 2021 £'000	Contribution to Provision £'000	Use of Provision £'000	Amounts Reversed Unused £'000	Balance as at 31 March 2022 £'000
<b>General Fund Provisions</b>					
Insurance- General Fund	504	152	(42)	(45)	569
Business Rates Appeals	6,691	0	(617)	18	6,092
<b>Total General Fund</b>	<b>7,195</b>	<b>152</b>	<b>(659)</b>	<b>(27)</b>	<b>6,661</b>
Water Charges- HRA	888	27	(13)	0	902
Insurance-HRA	236	483	(237)	(74)	408
<b>Total HRA</b>	<b>1,124</b>	<b>510</b>	<b>(250)</b>	<b>(74)</b>	<b>1,310</b>
<b>Total Short-term Provisions</b>	<b>8,319</b>	<b>662</b>	<b>(909)</b>	<b>(101)</b>	<b>7,971</b>

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 &amp; Equipment

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	£'000	£'000
<b>Cost / Valuation at the beginning of the year</b>	<b>1,165,808</b>	<b>137,361</b>	<b>20,127</b>	<b>5,562</b>	<b>6,877</b>	<b>15,715</b>			<b>1,351,450</b>
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)
<b>Cost / Valuation at the end of the year</b>	<b>1,244,675</b>	<b>145,547</b>	<b>20,584</b>	<b>5,592</b>	<b>6,892</b>	<b>26,042</b>			<b>1,449,332</b>
<b>Accumulated Depreciation at the beginning of the year</b>	<b>0</b>	<b>(682)</b>	<b>(9,479)</b>	<b>(309)</b>	<b>0</b>	<b>0</b>			<b>(10,470)</b>
Depreciation Charge	(16,481)	(1,642)	(1,836)	(237)	0	0			(20,196)
Reclassifications		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
<b>Accumulated Depreciation at the end of the year</b>	<b>0</b>	<b>(619)</b>	<b>(10,602)</b>	<b>(546)</b>	<b>0</b>	<b>0</b>			<b>(11,767)</b>
<b>Net Book Value At 31 March 2023 (all owned, no finance leases)</b>	<b>1,244,675</b>	<b>144,928</b>	<b>9,982</b>	<b>5,046</b>	<b>6,892</b>	<b>26,042</b>			<b>1,437,565</b>

## Notes to the Accounts

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

Rental income from Council Dwellings owned by the Housing Revenue Account is recognised in the Housing and Community (HRA) line of the CIES on an accruals basis. Capital expenditure which is not completed at year-end is treated as an Asset under construction. When the scheme is complete the costs are then transferred from assets under construction to the relevant PPE or investment property category.

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

Council Dwellings and high value assets (over £2.5m) are valued annually. The valuation date is 31<sup>st</sup> January 2023, with the exception of dwellings which are the 31<sup>st</sup> March 2023. The remaining assets are valued on a five year cycle. Within other Land and Buildings the Council revalued £125.441m 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. £6.892m 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 and a few non specialised office and industrial assets.

## 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 2023 are:

Contract	Contractor	Estimated Value £'000
Total Asset Management	Osborne Property Services Ltd	34,272
Development of Residential Accommodation at Paradise Fields	Bugler Developments Ltd	15,439
Development of Residential Accommodation at St Margarets Way	Helix Construct Ltd	12,020
Development of Residential Accommodation on 6 Former Garage Sites	Bugler Developments Ltd	4,720
Randall's Ride - Design & construction of 30 apartments	Bugler Developments Ltd	4,037
Supply of Refuse Vehicles	Geesinknorba Ltd	1,987
Project Management & Full Design Team Services for Berkhamsted Leisure Centre Redevelopment	Faithful+Gould Ltd	1,065
Supply of Compact Sweepers	Aebi Schmidt UK Ltd	898
Replacement, repair and maintenance services of boilers	Sun Realm Heating company Ltd	652

The capital commitment at the 31 March 2022 was £24,662k.

**27. Investment Property**

	2022/23 £'000	2021/22 £'000
<b>Investment Properties as per Balance Sheet</b>		
<b>As at the beginning of the year</b>	<b>66,454</b>	<b>64,982</b>
Additions (Purchases/construction)	219	95
Reclassifications	(1,727)	204
Disposals	0	0
Net gains/(losses) from fair value movements	319	1,173
<b>As at the end of the year</b>	<b>65,265</b>	<b>66,454</b>

Investment properties were valued at the 31<sup>st</sup> January 2023 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	2021/22 £'000
<b>Intangible Assets</b>		
<b>As of the beginning of the year</b>		
Gross Carrying Amounts	802	2,139
Accumulated Amortisation	(354)	(1,671)
<b>Net Carrying Amount as of the Beginning of the year</b>	<b>448</b>	<b>468</b>
Reclassifications	230	70
Purchases	12	54
Amortisation for the Period	(118)	(144)
<b>Net Carrying Amount as of the End of the year</b>	<b>572</b>	<b>448</b>
<b>Comprising:</b>		
Gross Carry Amounts	924	802
Accumulated Amortisation	(352)	(354)
<b>Net Carrying Amount as of the End of the year</b>	<b>572</b>	<b>448</b>

**29. Assets Held For Sale**

	2022/23 £'000	2021/22 £'000
<b>Opening Balance</b>	<b>0</b>	<b>1,389</b>
Sold to other entities and individuals	0	(1,389)
<b>Closing Balance</b>	<b>0</b>	<b>0</b>

### 30. Revaluation Reserve

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

	2022/23	2021/22
	£'000	£'000
<b>Opening Balance</b>	<b>640,658</b>	<b>571,556</b>
Upward revaluation of assets	107,573	88,632
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(4,823)	(8,273)
Difference between fair value depreciation and historical cost depreciation	(8,865)	(7,805)
Amount written off to the Comprehensive Income and Expenditure Statement	(2,697)	(3,452)
<b>Closing Balance</b>	<b>731,846</b>	<b>640,658</b>

### 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	2021/22
	£'000	£'000
<b>Balance as of beginning of the period</b>	<b>431,051</b>	<b>431,093</b>
Capital grants and contributions applied	5,478	3,476
Amortisation of intangible assets	(118)	(144)
Charges for depreciation and Revaluation losses on property, plant and equipment	(3,306)	(4,694)
Repayment of Loans for Capital	(50)	(10)
HRA impairment reversal	(16,769)	(12,589)
Difference between fair value depreciation and historical cost depreciation	8,865	7,805
HRA depreciation	(16,465)	(15,558)
Non-current assets written off to CIES on sale as part of the gain on disposal	(5,631)	(6,990)
Transfer from the Revaluation Reserve on disposal of assets	2,697	3,452
Revenue expenditure funded from capital under statute	(2,206)	(1,947)
Movements in market value of Investment Properties	319	1,173
Capital receipts applied to capital expenditure	15,760	8,842
Revenue contribution to capital	0	5,084
Use of reserves to finance capital expenditure	350	800
Use of Major Repairs Reserve to finance capital expenditure	15,495	7,446
Minimum Revenue Provision (MRP)	332	332
HRA Debt Repayment	1,370	3,480
<b>Closing Balance</b>	<b>437,173</b>	<b>431,051</b>

### 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	2021/22
	£'000	£'000
<b>Capital Financing Requirement</b>		
Opening Capital Financing Requirement	345,051	348,873
<b>Capital Investment:</b>		
Property, Plant and Equipment	34,484	23,552
Assets held for Sale	0	0
Loans treated as capital expenditure	6,000	0
Heritage Assets	162	0
Investment Property	219	95
Intangible Assets	12	54
Revenue Expenditure Funded from Capital under Statute	2,206	1,947
<b>Total Expenditure</b>	<b>43,083</b>	<b>25,648</b>
<b>Sources of Finance:</b>		
Capital Receipts	(15,760)	(8,842)
Government Grants and Other Contributions	(5,478)	(3,476)
Use of Reserves (including Major Repairs Reserve)	(15,845)	(8,245)
Revenue Contributions (including statutory provision for repayment of debt)	(1,702)	(8,907)
<b>Total Financing</b>	<b>(38,785)</b>	<b>(29,470)</b>
<b>Closing Capital Financing Requirement</b>	<b>349,349</b>	<b>345,051</b>
	2022/23	2021/22
	£'000	£'000
Increase/(Decrease) in underlying need to borrow (unsupported by government financial assistance).	4,298	(3,822)
Assets Acquired Under Finance Lease		
<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>4,298</b>	<b>(3,822)</b>

### 33. Heritage Assets

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

	2022/23	2021/22
	£'000	£'000
Land	6,839	6,705
Sculptures/Artwork	1,819	1,819
Assets managed by Dacorum Heritage Trust	3	3
Civic Regalia and Treasuries	296	296
<b>Total</b>	<b>8,957</b>	<b>8,823</b>



### 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.

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

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

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

### Sculptures and Artwork Held at Cost

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

	Location	
<b>The Residents' Rainbow</b> 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
<b>The Water Feature</b> 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.
<b>The Steel Tree</b> 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.
<b>The bronze relief map</b> designed by Graham Thompson and sculpted by John Ravera.	Hemel Hempstead Town Centre	Depicts Hemel Hempstead as it was in 1947.
<b>The Phoenix Sculpture</b> , 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.

<b>Financial Assets – All carried at Amortised Cost</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
Cash Equivalents: Investments with Original Maturities of 3 Months or Less	10,956	38,604
Cash held by the Council	1	1
Cash: Bank Account Balance/(Overdraft)	736	795
Short-term Debtors	12,129	13,363
Long-term Debtors	6,241	384
Short-term Investments	93,528	100,549
Long-term Investments	0	0
<b>Total</b>	<b>123,592</b>	<b>153,696</b>

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.

<b>Financial Liabilities – Amortised Cost</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
Short-term Creditors	13,788	15,645
Long-term Creditors	188	188
Short-term Borrowings	2,762	1,829
Long-term Borrowings	334,808	347,974
<b>Total</b>	<b>351,546</b>	<b>365,637</b>

### Fair Value

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

## Notes to the Accounts

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

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

The fair values are as follows:

<b>Financial Liabilities – Fair Value</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
Short-term Creditors	13,788	15,645
Long-term Creditors	188	188
Short-term Borrowings	2,709	1,840
Long-term Borrowings	296,508	383,338
<b>Total</b>	<b>313,194</b>	<b>401,011</b>

The exit price fair value of £313m has been calculated using redemption and new loan borrowing discount rates. The Authority has no contractual obligation to pay these penalty costs and does not incur any additional cost if the loans run to their planned maturity date.

### Liquidity Risk

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

### Refinancing and Maturity Risk

The Council maintains a significant investment portfolio. The prudential indicator limiting the amount of funds placed in investments for terms exceeding one year is a key factor limiting this risk, as is the medium term financial policy on reducing the Council's reliance on interest earnings to fund its core activities.

Most of the Council's current borrowing is fixed-term from the PWLB in relation to Self-Financing at a preferential fixed rate. The repayment of these loans is factored into the Housing Revenue Account 30-year plan and so there is minimal risk the Council will need to refinance these loans at a time of unfavourable interest rates. £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:

	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
Less than 1 Year	2,761	1,829
Between 1 and 2 Years	3,661	2,638
Between 2 and 5 Years	16,222	14,419
Between 5 and 10 years	48,193	40,701
More than 10 Years	266,732	290,217
<b>Total</b>	<b>337,569</b>	<b>349,803</b>

### 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 31<sup>st</sup> March 2023 is:

Credit Risk Rating	Gross carrying amount 2022/23 £'000	Default Rate	12 month expected credit loss £'000
AA-	8,849	between 0.002% and 0.003%	0.0
A+	10,118	between 0.003% and 0.006%	0.5
A	40,396	between 0.001% and 0.030%	5.5
A-	34,165	between 0.002% and 0.021%	3.8
<b>Total</b>	<b>93,528</b>		<b>9.7</b>

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 31<sup>st</sup> March 2024. See note 22 for the impairment allowance. Local authorities and Parish Councils are considered low risk as traditionally they have low risk of default on payments so not impaired.

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

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

## 35. Leases

### Operating Leases - Council as Lessee

The Council leases various land and/or buildings under non-cancellable operating lease agreements. Lease terms range between 3 and 999 years. The operating leases do not have purchase options, although some have rent escalation clauses. The Council paid no contingent rent during 2022/23 or 2021/22.

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

	2022/23 £'000	2021/22 £'000
<b>Operating Lease Commitments (DBC as Lessee)</b>		
Not later than one year	50	52
Later than one year but not later than five years	48	98
Later than five years	28	28
<b>Total Commitments under Operating Leases</b>	<b>126</b>	<b>178</b>

**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	2021/22
	£'000	£'000
<b>Operating Lease Income (DBC as Lessor)</b>		
Not later than one year	3,943	4,004
Later than one year but not later than five years	12,239	12,848
Later than five years	51,840	54,649
<b>Total Minimum Lease Income under Operating Leases</b>	<b>68,022</b>	<b>71,501</b>

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 2022/23 contingent rents of £1.261m were receivable by the Council (£1.291m in 2021/22).

**Finance Leases - Council as Lessee**

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

	2022/23	2021/22
	£'000	£'000
<b>Finance Lease Assets (Council as Lessee)</b>	<b>537</b>	<b>523</b>

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

	2022/23	2021/22
	£'000	£'000
<b>Finance Lease Minimum Payments</b>		
Current	0	0
Non-current	188	188
Finance Costs Payable in Future Years	1,532	1,552
<b>Minimum Lease Payments</b>	<b>1,720</b>	<b>1,740</b>

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

	2022/23	2021/22
	£'000	£'000
<b>Commitments Under Finance Leases</b>		
Not later than one year	20	20
Later than one year but not later than five years	80	80
Later than five years	1,620	1,640
<b>Total Commitments Under Finance Leases</b>	<b>1,720</b>	<b>1,740</b>

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 £30k (2021/22 £28k).The

Council has sub-let these properties. At 31 March 2023 the minimum payments expected to be received under non-cancellable agreements was £140k (£193k at 31 March 2022).

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

<b>Comprehensive Income &amp; Expenditure Statement</b>	<b>2022/23 £'000</b>	<b>2021/22 £'000</b>
<b>Cost of Services:</b>		
Current Service Cost	10,869	11,274
Past Service Cost/(Gain) – Including Curtailments	0	0
<b>Financing and Investment Income and Expenditure:</b>		
Net Interest Expense	1,839	1,773
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>12,708</b>	<b>13,047</b>
<b>Other Comprehensive Income &amp; Expenditure:</b>		
Return on Plan Assets (excluding amounts included in net interest expense)	23,305	(5,112)
Actuarial (Gains) & Losses Arising on Changes in Demographic Assumptions	(4,245)	(1,843)
Actuarial Gains & Losses Arising on Changes in Financial Assumptions	(120,995)	(22,852)
Other	32,499	675
<b>Total Post Employment Benefit Charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>(69,436)</b>	<b>(29,132)</b>

## Notes to the Accounts

	2022/23	2021/22
	£'000	£'000
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post Employment Benefits in accordance with the Code	(12,708)	(13,047)
Employer's Contributions Payable to the Pension Scheme	4,467	4,107
<b>Total</b>	<b>(8,241)</b>	<b>(8,940)</b>
<b>Pension Assets &amp; Liabilities Recognised in the Balance Sheet</b>		
Present value of the defined benefit obligation	(235,860)	(315,177)
Fair value of plan assets	232,069	250,191
<b>Sub-total</b>	<b>(3,791)</b>	<b>(64,986)</b>
<b>Reconciliation of Present Value of Scheme Liabilities</b>		
Liabilities as of the Beginning of the Period	(315,177)	(327,624)
Current Service Cost	(10,869)	(11,274)
Interest Cost	(8,557)	(6,597)
Contributions by Scheme Participants	(1,660)	(1,551)
Actuarial (Losses)/Gains	91,843	24,020
Losses on Curtailments	0	0
Benefits Paid	8,560	7,849
Past Service Costs	0	0
<b>Liabilities as at 31 March</b>	<b>(235,860)</b>	<b>(315,177)</b>
<b>Reconciliation of Fair Value of Scheme Assets</b>		
Assets as of the Beginning of the Period	250,191	242,446
Expected Rate of Return	6,718	4,824
Actuarial Gains/(Losses)	(22,407)	5,112
Employer Contributions	4,467	4,107
Contributions by Scheme Participants	1,660	1,551
Benefits Paid	(8,560)	(7,849)
<b>Closing Fair Value of Scheme Assets</b>	<b>232,069</b>	<b>250,191</b>

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	2021/22
	£'000	£'000
<b>Fair Value of Employer's Assets</b>		
<b>Quoted Prices in Active Markets</b>		
<u>Equity Securities</u>		
Consumer	3,568	3,567
Manufacturing	1,956	1,184
Financial Institutions	1,332	1,374
Health and Care	1,943	2,162
Information Technology	4,305	4,551
<u>Debt Securities</u>	9,681	18,357
<u>Investment Funds and Unit Trusts</u>		

## Notes to the Accounts

Equities	87,449	91,962
Bonds	32,520	37,115
Other	2,019	2,113
<u>Cash and Cash Equivalents</u>		
All	15,597	14,639
<b>Total of Assets with Prices Quoted in Active Markets</b>	<b>160,371</b>	<b>177,023</b>
<b>Quoted Prices not in Active Markets</b>		
<u>Debt Securities</u>		
Other	6,231	6,555
<u>Private Equity</u>		
All	20,550	18,282
<u>Real Estate</u>		
UK Property	17,165	19,423
Overseas Property	13,261	14,007
<u>Investment Funds and Unit Trusts</u>		
Infrastructure	267	153
Other	13,883	14,878
<u>Derivatives</u>		
Foreign Exchange	342	(130)
<b>Total of Assets with Prices Quoted not in Active Markets</b>	<b>71,698</b>	<b>73,168</b>
<b>Total Fair Value of Employers Assets</b>	<b>232,069</b>	<b>250,191</b>

### 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	2021/22
<b>Principal Assumptions</b>	<b>%</b>	<b>%</b>
Rate of increase in salaries	3.5	3.6
Rate of increase in pensions	3.0	3.2
Rate of discounting scheme liabilities	4.8	2.7
Allowance for future retirees to elect to take additional tax-free cash up to HMRC limits pre April 2008 Service	45	50
Allowance for future retirees to elect to take additional tax-free cash up to HMRC limits post April 2008 Service	45	75
	<b>2022/23</b>	<b>2021/22</b>
<b>Mortality Assumptions</b>	<b>Age</b>	<b>Age</b>
Longevity at 65 for current pensioners		
Men	21.5	21.9
Women	24.4	24.4
Longevity at 65 for future pensioners		
Men	22.2	22.9
Women	26.1	26



### Impact on the Council's Cash Flow

The liabilities show the underlying commitments the Council has to pay retirement benefits. The total liability of £3.791m has an impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean the financial position of the Council remains healthy. The deficit on the LGPS will be funded by improved investment returns or increased contributions over the remaining working lives of employees, as assessed by the scheme's actuary.

Funding levels are monitored annually, and the next triennial review is due to be based on 31 March 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 be by the Council in 2023/24 is £5.961m.

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:

	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
Surplus /(Deficit) as of Beginning of the Period	(66,981)	(89,156)
Actuarial Gains/(Losses) on Pension Assets and Liabilities	69,436	29,132
Reversal of Items Relating to Retirement Benefits Debited or Credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(12,708)	(13,047)
Employer's Pension Contributions	6,462	6,090
<b>Surplus/(Deficit) as of End of the Period</b>	<b>(3,791)</b>	<b>(66,981)</b>

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

### Management of Pension Risks

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

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

## Housing Revenue Account

### Housing Revenue Account – Income & Expenditure Account

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

	2022/23 £'000	2021/22 £'000
<b>Income</b>		
Dwelling Rents (Gross)	(57,656)	(55,474)
Non Dwelling Rents (Gross)	(97)	(99)
Charges for Services & Facilities	(1,905)	(1,836)
Contributions towards Expenditure	(890)	(1,308)
<b>Total Income</b>	<b>(60,549)</b>	<b>(58,717)</b>
<b>Expenditure</b>		
Repairs and Maintenance	16,713	11,676
Supervision and Management	14,324	11,001
Rents, Rates, Taxes and Other Charges	192	185
Increase in Allowance for Bad and Doubtful Debts	280	375
Depreciation and Impairment of Non Current Assets	32,388	26,595
<b>Total Expenditure</b>	<b>63,897</b>	<b>49,832</b>
<b>Net Expenditure/(Income) of HRA Services as Included in the Comprehensive Income &amp; Expenditure Statement (CIES)</b>	<b>3,348</b>	<b>(8,884)</b>
HRA Share of Corporate and Democratic Core	382	233
Other recharges to the HRA	5,193	4,665
<b>Total recharge to HRA</b>	<b>5,576</b>	<b>4,898</b>
<b>HRA Share of Operating Income &amp; Expenditure Included in the Comprehensive Income &amp; Expenditure Account</b>		
(Gain)/Loss on Disposal of Non-Current Assets	(3,365)	(4,330)
Interest and Investment Income	(1,084)	(47)
Interest Payments	11,302	11,389
Net Interest on the Net Defined Benefit Liability	390	382
Capital Grants and Contributions Received	(3,724)	(382)
<b>(Surplus)/Deficit for the Year on HRA Services</b>	<b>12,441</b>	<b>3,026</b>

## Housing Revenue Account

### Statement of Movement on the Housing Revenue Account

	2022/23 £'000	2021/22 £'000
<b>Balance as at 1 April</b>	<b>2,892</b>	<b>2,892</b>
Movement in Reserves:		
<b>Surplus/(Deficit) on Provision of Services</b>	<b>(12,441)</b>	<b>(3,026)</b>
<b>Adjustments Between Accounting Basis &amp; Funding Basis Under Regulations:</b>		
Capital Grants and Contributions Applied	(3,724)	(382)
Reversal of Employee Leave Accrual	(4)	(49)
Reversal Revaluation & Impairment (Gains)/Losses on Property	15,954	11,065
Amounts of non-current assets written off on sale as part of the gain on disposal to the CIES	5,515	6,954
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	(8,881)	(11,283)
Revenue Contribution to Capital	0	(4,735)
Debt Repayment Provision	(1,370)	(3,480)
Loan Repayment from Major Repairs Reserve	1,370	3,480
Reversal of retirement benefits items debited or credited to the CIES	2,694	2,812
Employer's Pension Contributions to Pension Fund Payable in the year	(1,380)	(1,335)
<b>Total Adjustments Between Accounting Basis and Funding Basis Under Regulations</b>	<b>10,174</b>	<b>3,046</b>
<b>Net Increase/(Decrease) Before Transfers to Earmarked Reserves</b>	<b>(2,267)</b>	<b>20</b>
Transfer (to)/from Earmarked Reserves	2,266	(20)
<b>Balance as at 31 March</b>	<b>2,891</b>	<b>2,892</b>

### Notes to the Housing Revenue Account

#### 1. Value of HRA Property, Plant and Equipment

	2022/23 £'000	2021/22 £'000
Council Dwellings	1,240,265	1,161,720
Other Land & Building	1,304	1,153
Vehicles, Plant, Furniture and Equipment and intangibles	154	185
Assets Under Construction	25,083	11,871
<b>Net Book Value as at 31 March</b>	<b>1,266,806</b>	<b>1,174,929</b>

Council dwellings had an existing use assuming vacant possession valuation of £3,293 million as at 31<sup>st</sup> March 2023. 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	31/03/2022
Flats	3,774	3,792
Houses	6,256	6,276
Hostel	21	21
<b>Total Dwellings</b>	<b>10,051</b>	<b>10,089</b>

### 3. Rent Arrears

	2022/23 £'000	2021/22 £'000
Rent - Current Arrears	2,192	2,547
Rent - Former Arrears	529	488
Supporting People and Other	514	311
<b>Total Arrears:</b>	<b>3,234</b>	<b>3,346</b>
Provision for Bad and doubtful Debts	(2,089)	(2,027)
<b>Total Rent Arrears:</b>	<b>1,145</b>	<b>1,319</b>

### 4. Capital Financing

	2022/23 £'000	2021/22 £'000
<b>Total Capital Expenditure</b>	<b>34,884</b>	<b>17,400</b>
Financed by:		
Capital Receipts	(15,665)	(2,880)
Major Repairs Reserve	(15,495)	(7,446)
Capital Grants & Contributions	(3,724)	(2,340)
Revenue Contributions	0	(4,734)
<b>Total Financing</b>	<b>(34,884)</b>	<b>(17,400)</b>

### 5. Capital Receipts from the sale of HRA assets:

	2022/23 £'000	2021/22 £'000
Easement Granted- Deed of Release, Variation, Covenants	166	148
Sale of HRA Dwellings	8,662	11,116
Discount Repaid	52	19
<b>Total Capital receipts</b>	<b>8,881</b>	<b>11,283</b>

## 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	2021/22
	£'000	£'000
Depreciation on Council Dwellings	16,423	15,520
Revaluation on Council Dwellings	(815)	(1,524)
Impairment	16,768	12,589
Depreciation on Vehicle, Plant and Equipment	30	29
Depreciation on Other Land and Building	8	8
<b>Total Depreciation and Impairment</b>	<b>32,414</b>	<b>26,622</b>

## Collection Fund Income and Expenditure Account 2022/23

	Council Tax £'000	Business Rates £'000	Total £'000
<b>Income:</b>			
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)
<b>Total Income</b>	<b>118,620</b>	<b>59,365</b>	<b>177,985</b>
<b>Expenditure</b>			
<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)
<b>Total Expenditure</b>	<b>117,246</b>	<b>44,845</b>	<b>162,092</b>
Movement on fund balance	(1,373)	(14,520)	(15,893)
Balance at beginning of year	804	15,622	16,426
<b>Balance at end of year</b>	<b>(569)</b>	<b>1,102</b>	<b>533</b>
<b>Shares of balance</b>			
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
	<b>(569)</b>	<b>1,102</b>	<b>533</b>

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.

## Collection Fund Income and Expenditure Account 2021/22

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

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

## 1. General

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

## 2. Business Rates

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

The Council collects and calculates Business rates. The Government specified an amount of 49.9p for small businesses; 51.2p for other rateable businesses in 2021/22 and 2022/23 and, subject to the effects of transitional arrangements, local businesses pay NNDR calculated by multiplying their rateable value by that amount. NNDR income was £59.365m in 2022/23 (£57.7m in 2021/22). The rateable value for the Council's area was £159.6m at 31 March 2023 (2021/22: £160.6m).

## 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 2022/23 was calculated as 59,328.3 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	1,013.25	6/9	675.5
B	6,745.25	7/9	5,246.3
C	17,944.00	8/9	15,950.2
D	14,816.56	9/9	14,816.6
E	8,559.75	11/9	10,461.9
F	5,381.50	13/9	7,773.3
G	4,839.50	15/9	8,065.8
H	754.50	18/9	1,509.0
<b>Totals</b>	<b>60,055.31</b>		<b>64,499.10</b>
Council Tax Support			(4,812.7)
Adjustment for collection rate and contributions in lieu (0.6%)			(358.1)
<b>Council Tax Base 2022/23</b>			<b>59,328.3</b>
<b>Council Tax Base 2021/22</b>			<b>58,693.7</b>

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.