

HERTSMERE BOROUGH COUNCIL  
STATEMENT OF ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2025



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## Statement of Responsibilities

### 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 Assistant Director Finance (previously titled Head of Finance and Business Services) also referred to as the Chief Finance Officer or Section 151 Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

### Responsibilities of the Assistant Director Finance

The Assistant Director Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFNLASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the code).

In preparing this Statement of Accounts the Assistant Director Finance has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates which were reasonable and prudent.
- Complied with the local authority Code.

The Assistant Director Finance has also:

- Kept proper accounting records that were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

### Confirmation of the Assistant Director Finance:

I confirm that this Statement of Accounts presents a true and fair view of the financial position of Hertsmere Borough Council as at 31 March 2025 and its Income & Expenditure for the year then ended.



**Matthew Bunyon**  
Assistant Director Finance

Date: 27 February 2026

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# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERTSMERE BOROUGH COUNCIL ON THE AUTHORITY'S FINANCIAL STATEMENTS**

## **REPORT ON THE AUDIT OF THE AUTHORITY'S FINANCIAL STATEMENTS**

### **Disclaimer of opinion**

We were engaged to audit the financial statements of Hertsmer Borough Council ("the Authority for the year ended 31 March 2025 which comprise the Group and Authority Comprehensive Income and Expenditure Statements, Group and Authority Balance Sheets, Group and Authority Movement in Reserves Statements, Group and Authority Cash Flow Statements, Collection Fund, and the related notes, including the accounting policies in note 5.1.

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

### **Basis for disclaimer of opinion**

The Accounts and Audit (Amendment) Regulations 2024 (the "Amendment Regulations") require the Authority to publish its financial statements and our opinion thereon for the year ended 31 March 2025 by 27 February 2026 (the "Backstop Date").

We have been unable to obtain sufficient appropriate audit evidence over a number of areas of the financial statements as we have been unable to perform the procedures that we consider necessary to form our opinion on the financial statements ahead of the Backstop Date. These areas include, but were not limited to, for both the Group and the Authority;

- Cash and Cash Equivalents, Property, Plant and Equipment, Short-Term and Long-Term Debtors, Short-Term and Long-Term Creditors, Non-domestic rates income and expenditure included within Taxation and Non-Specific Grant Income and Provisions; and the balance of and movements in usable and unusable reserves for the years ended 31 March 2024 and 31 March 2025.
- Fair Value of Scheme Assets element of the Liability related to Defined Benefit Pension Scheme for the year ended 31 March 2025.
- the net assets as at 1 April 2023, and therefore whether there were any consequential effects on the disclosed comparative income and expenditure for the year ended 31 March 2024.

Any adjustments from the above matters would have a consequential effect on the Group's and the Authority's net assets and the split between usable reserves and unusable reserves as at 31 March 2024 and 31 March 2025, the Collection Fund and on their income and expenditure and cash flows for the years then ended.

### **Fraud and breaches of laws and regulations - ability to detect**

As stated in the Disclaimer of opinion section of our report, we do not express an opinion on the financial statements due to the reasons described in the Basis for disclaimer of opinion section of our report.

### **Other information**

The Head of Finance & Business Services (the "Section 151 Officer") is responsible for the other information, which comprises the information included in the Statement of Account, other than the financial statements and our auditor's report thereon. Any opinion on the financial statements would not cover the other information and we do not express an opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Due to the significance of the matter[s] described in the *Basis for disclaimer of opinion* section of our report, and the possible consequential effect on the related disclosures in the other information, whilst in our opinion the other information included in the Statement of Accounts for the financial year is consistent with the financial statements, we are unable to determine whether there are material misstatements in the other information.

### **Section 151 Officer's responsibilities**

As explained more fully in the statement set out on page 2, the Section 151 Officer is responsible for the preparation of financial statements in accordance with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's and the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the government of the intention to either cease the services provided by the Group and the Authority or dissolve the Group and the Authority without the transfer of their services to another public sector entity.

The Audit Committee of the Authority is responsible for overseeing the Authority's financial reporting process.

### **Auditor's responsibilities**

Our responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing (UK), and to issue an auditor's report. However, due to the significance of the matter described in the *Basis for disclaimer of opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard.

## **REPORT ON OTHER LEGAL AND REGULATORY MATTERS**

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

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the "NAO Code of Audit Practice"), we are required to report to you if we identify any significant weaknesses in the arrangements that have been made by the Authority to secure economy, efficiency, and effectiveness in its use of resources.

Except for the matters detailed below, we have nothing else to report in this respect.

#### **Identified significant weakness - Governance**

The Council published its draft Statement of Accounts for 2024/25 on 25 July 2025, which was late compared to the statutory deadline of 30 June 2025. Additionally, during the course of our audit management made us aware of a number of material amendments that were required to be made to the draft Statement of Accounts ahead of the Backstop date.

These matters are evidence of weaknesses in proper arrangements for reliable and timely financial reporting that supports the delivery of strategic priorities and ensures compliance with statutory deadlines.

We recommend that the Council develops, and then monitors, a detailed action plan outlining how they expect to return to a financial reporting timetable which ensures a good quality set of draft accounts are published in line with the statutory deadline. Where required, the Council should invest in additional resources within the finance team to ensure future compliance with statutory reporting deadlines.

### **Identified significant weakness - Governance**

On 27 March 2025, the Council was informed by the Planning Inspectorate, an executive agency sponsored by MHCLG, that it was under risk of 'designation'. This was due to performance concerns regarding the quality of decision making during the 2-year period to March 2024, including appeals decisions up to 31 December 2024. The Council made specific representations in response to this communication, and it was confirmed in June 2025 that the Council would not be placed under designation at that time.

However, there is a clear risk that decisions taken by the Council during 2024/25 could ultimately result in designation by the Planning Inspectorate. This could have a number of adverse impacts on the Council, including exposure to significant financial and reputational risks. Therefore, we have determined that there is a significant weakness in governance arrangements relating to decision-making on major applications.

We note that the council has engaged with the Chief Planner at MHCLG and developed an action plan to respond to the concerns raised. The Council should monitor the implementation of this action plan robustly, with a particular emphasis on the development of a common understanding amongst members and officers regarding the specific technical requirements of the National Planning Policy Framework 2024, and consistent application of this Framework, in order to improve performance in relation to major application appeals.

### **Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are required under section 20(1) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively. We are also not required to satisfy ourselves that the Authority has achieved value for money during the year.

We planned our work and undertook our review in accordance with the NAO Code of Audit Practice and related statutory guidance, having regard to whether the Authority had proper arrangements in place to ensure financial sustainability, proper governance and to use information about costs and performance to improve the way it manages and delivers its services. Based on our risk assessment, we undertook such work as we considered necessary.

### **Statutory reporting matters**

We are required by Schedule 2 to the NAO Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 and Schedule 7 of the Local Audit and Accountability Act 2014; or
- we make written recommendations to the Authority under Section 24 and Schedule 7 of the Local Audit and Accountability Act 2014; or

- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in this respect.

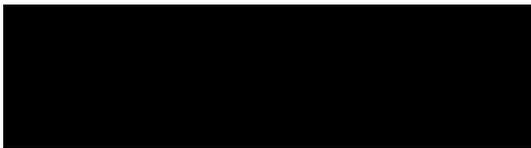
## **THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES**

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

## **DELAY IN CERTIFICATION OF COMPLETION OF THE AUDIT**

As at the date of this audit report, we are unable to confirm that we have completed our work in respect of the Authority's Whole of Government Accounts consolidation pack for the year ended 31 March 2025 because we have not received confirmation from the NAO that the NAO's audit of the Whole of Government Accounts is complete.

Until we have completed this work, we are unable to certify that we have completed the audit of the for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the NAO Code of Audit Practice.



***Christopher Paisley***

**for and on behalf of KPMG LLP**

*Chartered Accountants*

1 St Peter's Square

Manchester

M23AE

27 February 2026

## **Narrative Statement**

### **Overview from the Head of Finance and Business Services**

I am presenting these 2024/25 Statement of Accounts following yet another challenging year as the nation continues to face a tough economic climate. Whilst the economy is slowly recovering from the turmoil caused by the global pandemic, lifestyle changes as a result have impacted on demand for our services and more widely are impacting on labour markets making recruitment difficult. The previous impact of high inflation which peaked at 11.1 % in October 2022 means that the price of goods and services remain high and continue to have a significant impact on our service budgets as well as on household budgets affecting our residents and staff. Inflation is now considerably lower and started the year on a downward trend, falling from 3.2% to 1.7% by mid-year, below the Government's target rate of 2%, it did however tip up over the second half of the year reaching 2.6% by year-end.

The UK Base Rate, which is set by the Bank of England's Monetary Policy Committee, started to fall from the peak of 5.25% it reached in August 2023 and has since reduced to 4.5% by the end of financial year 2024/25 and has continued to gradually reduce since the end of the financial year. Whilst this has provided some relief for homeowners with mortgage rates also starting to fall, for those that don't own their own house, rents remained high. Whilst we are now seeing interest rates on a downward trajectory this is at a slower rate than initially expected by economists.

The recent high inflation and high interest rates has had a significant impact on the lives of our residents and our local businesses as well as putting pressure on our own budgets.

As a district council, Hertsmere is at the heart of the community and pivotal to the needs of its residents and businesses. Over the past few years, through this challenging economic period, we have introduced many measures to ensure the continuity of key services to support our residents and businesses and during 2024/25 these have included:

#### **Economic**

We awarded over £400,000 in community grants to local voluntary sector and community groups, we continue to fund Citizens Advice with around £257,000 to provide support and advice to our residents, we continue to support foodbanks in the borough, we have been supporting over 120 community groups across the borough to access funding, improve their services and to support their communities better. The Hertsmere Community Lottery continues to offer a free fund raising platform for 48 local causes, our economic development work has continued with our government-funded Community Wealth Building programme in partnership with the Job Centre Plus and Clarion Housing Association and our Generation Hertsmere careers event links local businesses with secondary school pupils from across the borough.

#### **Health**

Our staff have helped to raise awareness of local health priorities including distributing 450 Small Acts of Kindness Warm in Winter bags to the most vulnerable members of our community. Our Healthy Hubs continue to run drop ins in Borehamwood, Potters Bar, Radlett and Bushey, providing help and support on a range of health and

wellbeing matters and our award winning Hertsmere Against Cancer campaign raised awareness of the signs and symptoms of cancer.

## **Climate**

We've implemented a range of initiatives to make it easier to go greener including our partnership with Beryl, which saw 45 bikes and 25 e-bikes installed at 27 locations across Borehamwood and a recent expansion to include 15 e-bikes at five locations across Bushey.

Once again we faced uncertainty in our funding due to Central Government announcing a further one-year financial settlement rather than the anticipated and long overdue multi-year settlement, which would have provided more budgeting and financial certainty over the medium term. The Council however continues to work towards reducing the funding gap identified in its medium term financial plan and to produce a balanced budget in an extremely challenging financial climate.

We continue to face uncertainty in some of our own funding sources that are dependent on certain external drivers as well as factors at play within our own borough such as levels of employment, business growth and demand for our services such as affordable housing. Whilst we continue to develop our Local Plan we have also faced pressures in relation to speculative planning applications several of which have resulted in costly appeals.

The impact of all these pressures were regularly assessed by officers throughout the year however some service areas including Asset Management and Legal Services posted year-end overspends, albeit these service overspends were more than offset by underspends in other service areas most notably Street Scene, Environmental Health and Housing. Also whilst the economic conditions put pressure on service budgets the Council did benefit from greater than anticipated investment returns and resulting in an overall General Fund surplus of £1.944million against budgeted net cost of Services of £13.814million.

This surplus will be applied to provide an inflationary uplift in our General Fund reserve which provides a contingency to cushion the impact of unexpected events or emergencies and as agreed by the Council during the year it will contribute to the funding of the Civic Office refurbishment and feasibility study into the future of our waste depot.

As reported last year, the discovery of asbestos at the Council owned Elstree Studios resulted in the immediate closure of stages 7, 8 and 9 back in August 2022 and these remained closed at the end of the fiscal year. All asbestos remediation works have however now been completed with works now underway to bring these stages back into use by the middle of next year. The rest of the site continues to operate at near capacity and remains a popular location for film and television productions.

## **Hertsmere and our local area**

Hertsmere is a largely rural Borough in Hertfordshire, situated immediately to the north of London. With 80% of our borough in Green Belt land, the majority of our residents live in our four main towns - Bushey, Borehamwood, Radlett and Potters Bar - each with their own identity. Excellent north-south rail and road connections mean that Hertsmere is very well connected to London and the rest of the country.

It's this mix of green areas, distinct towns, and strong connections that means life in Hertsmere offers a great balance of city and countryside. It is also this location and strong connections which make Hertsmere a great place to establish a business, and the borough has attracted a number of major employers as a result.

The professional, scientific or technical; construction, and ICT industries are particularly strong. An active film and television industry exists around Borehamwood, which has a heritage of film and television production dating back to the early 20th century. A budding avionics specialism is currently developing at London Elstree Aerodrome.

Small businesses also make up an important part of the local economy. However, proximity to London also brings challenges including recruitment and retention of workers and talent, high house prices which particularly impact first time buyers, along with high and rising private rental costs.

Hertsmere's population today is growing, aging and diversifying. While relatively prosperous, pockets of real deprivation exist within the borough. Overall population health is good, although health inequalities do exist.

## **What services is Hertsmere responsible for?**

Hertsmere Borough Council is responsible for providing services including street cleaning, kerbside waste and recycling collections, community safety, environmental health, housing needs, benefits, leisure and parks, licensing and planning services.

We work in partnership with other local authorities to improve the quality of life for residents but we do not have any control over services which are statutorily provided by other organisations e.g. education, children & adult social care, roads and street lights as they are the responsibility of Hertfordshire County Council. There are also five town and parish councils which operate in some areas of Hertsmere.

## Your local councillors

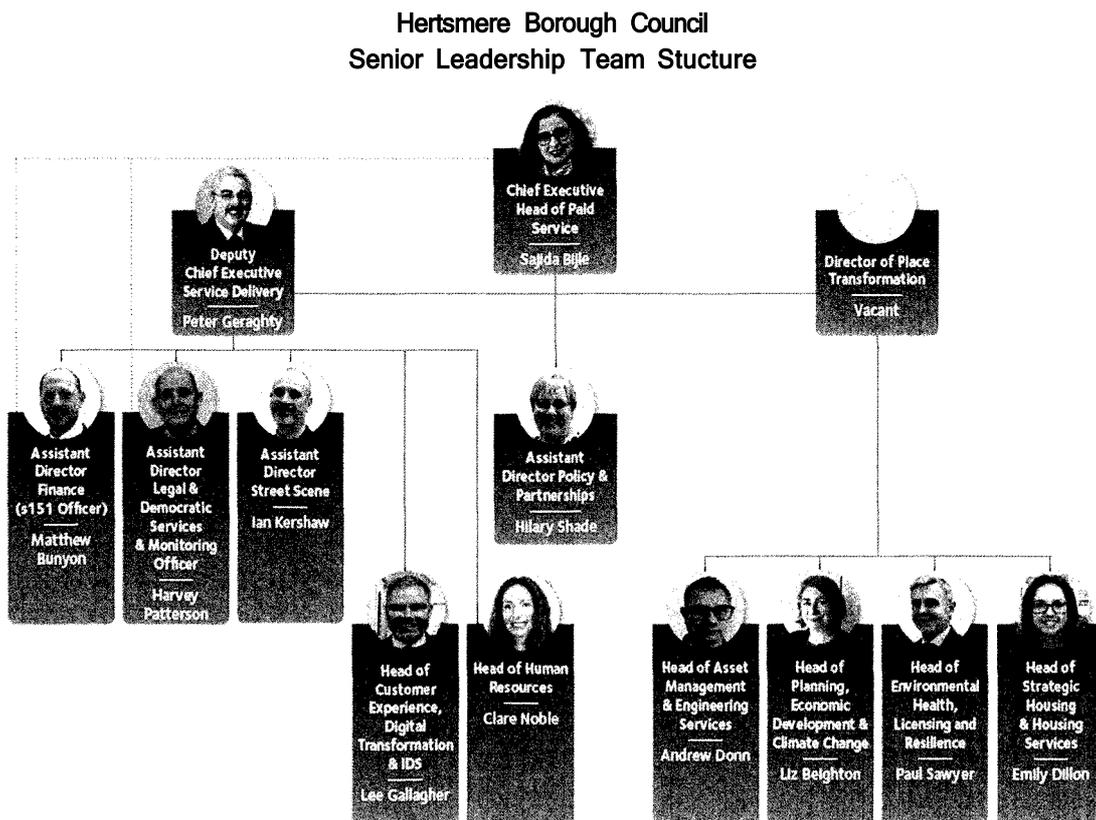
Hertsmere has 39 councillors in 16 wards who are elected to serve for four years at a time. The number of seats held during the 2024/25 financial year by political groups was:

Conservative	16
Labour	14
Liberal Democrats	9

Following the local election in May 2023 Labour and the Liberal Democrats have formed a Partnership Administration.

## The Council's Management Structure and Workforce

Supporting the work of Councillors is the organisational/management structure of the council headed by the Chief Executive. A new management structure was approved by the Council in February 2025 to build additional capacity to support the Council's priorities. The Chief Executive under the new structure will be supported by the Deputy Chief Executive and Director of Place Transformation (currently vacant), along with a number of Assistant Directors and Heads of Service who cover a variety of areas of business. The council currently employs approximately 330 people in full and part time roles.



## **Hertsmere Vision 2022-27 - A corporate plan for Hertsmere**

The Hertsmere Vision 2022-27 was agreed by the Executive and Full Council in November 2021. The document provides our high level vision and will be used to inform the development of a range of high level strategic documents including an updated Corporate Plan and the new Local Plan. The Hertsmere Vision documents can be found in the link below:

[www.hertsmere.gov.ukNour-Council/Official-Publications--Guides--Policies/Corporate-Plan.aspx](http://www.hertsmere.gov.ukNour-Council/Official-Publications--Guides--Policies/Corporate-Plan.aspx)

The document is clearly structured with an overall Vision Statement, 6 Position Statements describing key areas of focus and then 30 Commitments which articulate how we will deliver against the statements. The commitments set out how we will work, both in terms of specific delivery, but also clearly reflect our organisational values.

The Hertsmere Vision is purposely high level so that it can act as a clear framework for the development of future strategies and is underpinned by the Corporate Plan for each year between 2022 to 2027. The Corporate Plan is annually updated and sets how we will deliver against this vision in each financial year.

The 6 Position Statements contained within the Vision are:

- Strong Identity
- Sustainable Growth
- Enterprising
- Climate Action
- Inclusive and Equitable
- Open and Collaborative

The 2024/25 Corporate Plan adopts each of the Position Statement and sets out how we will work towards implementing the position statements and commitments which sit underneath that overall vision. We have identified key areas of work that will be undertaken during the year ahead and also articulate what success will look like so that we know we are heading in the right direction.

Our role as a centre for film and television is something we are very proud of and continue to build on which provides opportunities for residents to celebrate our heritage. Our award-winning parks and open spaces are important to us and our residents and we will continue to invest in them. We will also work towards ensuring our town centres remain a key part of local life, a draw to residents and visitors alike.

By promoting and developing our ability to generate income as well as reducing costs by entering into partnerships with other councils and looking for commercial opportunities such as establishing our own property development company. We currently have partnerships with other local authorities for Building Control, CCTV, Internal Audit and Anti-Fraud among others.

We have already built some excellent quality houses for rent and will be developing more to generate rental income while also contributing to meeting local demand for housing. We set up Hertsmere Development Ltd (HDL) to take forward new developments on council-owned land. During 2024/25 HDL delivered its second development of 11 two bed units and has now delivered 26 units in total which are all let via our joint venture stock holding company, Hertsmere Living Limited (HLL), at affordable, Local Housing Allowance rents. HDL has also been working on future

developments and recently submitted a planning application that will deliver a further 40 housing units.

We declared a climate emergency in 2019 and are serious about our pledge to move to net zero carbon emissions no later than 2050. We have adopted a Climate Change Strategy with an action plan which sets out how we will deliver against this commitment and support our stakeholders to play their part.

We are also investing in our local communities through the Community Infrastructure Levy and S106 monies funding many local projects and new community infrastructure.

## **Performance Management**

We are committed to ensuring that we deliver the Hertsmere Vision whilst also maintaining high-quality service delivery to local residents and businesses. In order to ensure that we are delivering these aims, we will continue to monitor our performance both against this plan and across our services areas. We have therefore reviewed our performance management arrangements as follows:

### ***Performance Indicators (P/s)***

- All PIs will be reviewed and updated to ensure that they are representative of the commitments in the Vision and that they remain reflective of all service areas.
- The Quality Service Indicator monitors the performance of our main public-facing service areas and will be considered by the cross-party Cabinet Performance Management Panel and by the Cabinet on a quarterly basis.
- The Key Performance Indicators which contain more detailed service level information will be considered by exception only by the Performance Management Panel on a quarterly basis.
- The full indicator set will be considered at Chief Officer Board on a quarterly basis.

## 2024/25 Financial Statements

The financial statements link closely to the Corporate Plan which enables delivery of the Council's goals and objectives. These Statements set out the financial position of the Council as well as the financial position of the Group which includes the Council's wholly owned subsidiary companies Elstree Film Studios Limited and Hertsmere Developments Limited.

The Council is continuing with its programme of improvement in performance and service delivery. This is underpinned by the Corporate Governance framework which is the mechanism through which our priorities are filtered down throughout the organisation.

The Council's Annual Governance Statement provides further details of the strategies implemented to achieve our objectives which have been developed and reviewed during the year. The Annual Governance Statement which was approved by the Audit Committee is included later in these accounts.

The Audit Committee, which met five times during 2024/25, works to promote and safeguard financial probity throughout the Council. The Audit Committee is attended by and receives reports from the Council's External Auditors which for 2024/25 is KPMG. The Committee also receives regular reports from the Assistant Director Finance in relation to the Statement of Accounts, Accounting Standards and Treasury Management, from the Shared Internal Audit Service (SIAS), from the Shared Anti-Fraud Service (SAFS) and from the Risk Manager.

I would like to take this opportunity to express my gratitude to all colleagues from the finance team and other services for their assistance in preparing these accounts, and for their support throughout the year.

If you would like to have any further information on the accounts, you can forward details of your request to the council by email at [Statementofaccounts@hertsmere.gov.uk](mailto:Statementofaccounts@hertsmere.gov.uk) or by post using the following address:

Matthew Bunyan  
Assistant Director Finance  
Civic Offices  
Elstree Way  
Borehamwood  
Hertfordshire  
WD61WA

## 3.1 Summary of Performance

### Non-Financial Performance

In the current financial climate, local authorities have to think creatively about how to reduce costs whilst still delivering high quality services. Hertsmere remains committed to making the most of our assets whilst finding new ways to deliver services that meet the needs of our residents. The Council remains in a healthy financial position, and aims to maintain its financial resilience and continues to work towards self-sufficiency.

#### ***Income maximisation***

The Council generates income from various sources including funding, project specific grants, fees and charges, rental income from its assets, investment income and also uses planned drawdowns from specific reserves to fund expenditure. This income is used to support the delivery of our services.

#### ***Apprenticeships***

We have looked at new ways to recruit and develop staff, particularly in hard to recruit professions, and currently there are 8 apprenticeships in place across the different Council departments.

#### ***Leisure Service Improvements***

In partnership with InspireAll, £5.0m was spent by 2019/20 by the Trust to deliver a range of improvements in facilities across the borough's main leisure centres.

#### ***Parking Partnership***

In addition to our existing partnerships for the delivery of services, such as building control, internal audit and the anti-fraud service, the Council has entered into a parking partnership arrangement with Three Rivers District Council on 1 April 2018, generating efficiencies for both Councils which covers all parking enforcement and support services.

#### ***Elstree Studios***

The world renowned, council-owned Elstree Studios, continue to provide significant rental payments to the council, £3.8million in 2024/25. This includes income from the new Platinum Stages which completed in July 2022 and named in honour of Her Majesty's Platinum Jubilee.

However whilst the Studios remain a popular location for film and television productions, the discovery of asbestos in stages 7, 8 and 9 back in August 2022 which resulted in the immediate closure of these stages resulted in significant cost for remediation works. The asbestos remediation works are now completed and work to bring the stages back into use is expected to complete by the middle of next fiscal year.

#### ***Hertsmere Developments Limited (HDL)***

Hertsmere established a wholly owned development company, Hertsmere Developments Limited (HDL), in February 2016 which became fully operational during the 2022/23 financial year. The Council has provided loan funding to HDL for both working capital and development loans and during 2024/25 HDL completed its second housing development of 11 two bedroom units. The completed units were sold to Hertsmere Living Limited (HLL) (see below) and the development loan was repaid in full. As at 31 March 2025 HDL still had a working capital loan with a balance of £0.5m,

the maximum facility being £1.2m. HDL has now developed 26 new housing units which will all be let at affordable Local Housing Allowance rents.

### ***Hertsmere Living Limited (HLL)***

In February 2022 the Council approved the formation of a stockholding joint venture company with Clarendon Living Limited, a wholly owned subsidiary of Watford Community Housing Trust. The company was subsequently named as Hertsmere Living Limited (HLL). The main purpose of creating HLL was to retain ownership of housing developed by the Council and selected schemes from its development company, HDL, in perpetuity to provide social and affordable housing and a revenue income stream. As referred to above HLL have acquired 26 properties from HDL for affordable rent, they have also acquired eight properties directly from the Council and a further five properties on the open market all of which will also be at affordable rents. In addition HLL holds six market rent properties acquired by way of equity from Hertsmere Borough Council.

### **Planning for the Future**

A key role of the Council is to help shape the future of the borough. Hertsmere is a great place to live and work and we're trying to make sure it stays that way, both for existing communities and for future generations. We know the borough will have to grow and develop. During 2024/25 we have invested more than £20 million in capital projects.

#### ***Civic Offices***

We have completed the refurbishment of the Council Offices which now supplement the Council's new flexible working policy supporting a more efficient workforce. The refurbishment has also created new space to let to our public sector partners generating an additional ongoing income stream.

#### ***Elstree Studios***

We have completed the asbestos remediation works at the studios to ensure the site meets health and safety regulations and to bring the site fully back into use as soon as possible.

#### ***Housing***

We have invested in new social and affordable housing and have also acquired additional temporary accommodation, whilst also providing loan funding to HDL to develop new affordable homes.

#### ***Waste***

We have enhanced our waste fleet with the purchase of some new more efficient and environmentally friendly vehicles including vehicles for delivery of our new food waste collection service.

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

We are investing CIL receipts in new community assets including a new all weather football pitch.

## **Supporting our Communities**

We continue to support our communities during these challenging economic conditions, we recognise the need to develop and grow our local partnerships to deliver the best outcomes for our residents and we have been working with a range of organisations, from statutory and voluntary, to engage with residents to help keep them happy, healthy and safe.

A number of initiatives took place during the year, including:

### **Economic**

- We awarded over £400,000 in community grants to local voluntary sector and community groups who have worked to support local residents, with a focus on celebrating our increasingly diverse community. These included 46 applications for small grants to help residents join in with our 50th Anniversary celebrations.
- We continue to fund Citizens Advice with around £257,000 to provide support and advice to our residents such as access to benefits and debt management.
- We continue to support the foodbanks in the borough to ensure that residents are able to access emergency food aid and support from a range of agencies to help address the causes of food poverty.
- The community engagement team has been supporting over 120 community groups across the borough to access funding, improve their services and to support their communities better. The types of groups supported include voluntary groups, religious groups, community spaces, toddler groups, youth activities, foodbanks, libraries and many more.
- The Hertsmere Community Lottery continues to offer a free fundraising platform for 48 local causes, which receive 50p from every £1 ticket sold.
- Our economic development work has continued with our government-funded Community Wealth Building programme in partnership with the Job Centre Plus and Clarion Housing Association providing training to more than 400 local people and resulting in more than 130 job offers during 2024.
- Our Generation Hertsmere careers event in November 2024 linked local businesses with secondary school pupils from across the borough.

### **Health**

- Our staff have helped to raise awareness of local health priorities, local support available, voter ID requirements, and local activities and have distributed 450 Small Acts of Kindness Warm in Winter bags to the most vulnerable members of our community.
- Our Healthy Hubs continue to run drop ins in Borehamwood, Potters Bar, Radlett and Bushey, providing help and support on a range of health and wellbeing matters. The team is now able to offer NHS Health Checks and Stop Smoking Support.
- Our award winning Hertsmere Against Cancer campaign raised awareness of the signs and symptoms of cancer. Working in partnership with local GPs, we have seen more than 3,000 women booked for cervical screening and almost 400 booked for breast screening.

## **Climate**

- We've implemented a range of initiatives to make it easier to go greener including our partnership with Beryl, which saw 45 bikes and 25 e-bikes installed at 27 locations across Borehamwood and a recent expansion to include 15 e-bikes at five locations across Bushey. These bikes and e-bikes are available to hire via the Beryl app and, in the first two years, more than 25,000 journeys were made, covering nearly 50,000km.

## Financial Performance

### Council Funding

In line with the rest of local government, the Council has seen an ongoing reduction in its core funding putting increasing pressure on local council tax.

For Hertsmere in 2024/25, central government funding under the settlement funding assessment including from retained business rates, New Homes Bonus and the Funding Guarantee amounted to £5.007m which now represents just 36% of the funding required to meet the Council's budgeted net expenditure of £13.814m. This leaves around 64%, almost two thirds of the Council's total funding to come from local Council Tax.

Against this background, the Council continues to lead the way in rising to the financial challenges facing local government by implementing a number of strategies:

- We have adopted a more entrepreneurial approach and focussed on expanding our ability to generate income as well as reducing costs.
- Entering into partnerships with other councils.
- Looking for commercial opportunities.
- Building new affordable housing for rent to meet local demand.
- Establishing our own property development company to take forward housing developments on Council-owned land.
- Establishing a joint venture housing company with Clarendon Living Ltd, a subsidiary of Watford Community Housing Trust, to provide housing for rent across a range of tenures.

### Financial Management and Sustainability

The 2024/25 budget was set under challenging economic conditions. Whilst the economy was slowly recovering from the impact of the Covid-19 pandemic and the resulting cost of living crisis the ongoing impact of high inflation and high interest rates continued to have a significant impact on households, businesses and the Council's own budgets. The budget process considered all risks to the Council's financial position and for 2024/25 the key risks were identified as follows:

- **Economy:** The economy is slowly recovering however the increased cost of living continues to have a significant impact on household budgets affecting our residents and staff. These conditions could continue to have a detrimental impact on the cost of providing services and on Hertsmere's revenue streams for example through fees and charges and on collection of local taxation.
- **Staff Pay, Recruitment and Retention:** With the increased cost of living, staff expectations for a significant pay increase remain high. A 4% pay award has been built into the 2024/25 budget however, the Council does need to be mindful of other public sector pay whilst also delivering a pay award that is affordable. Recruitment and retention continues to impact on some services.

As part of the 2025/26 budget process the Medium Term Financial Plan (MTFP) was reviewed and updated and now shows a budgetary gap of £0.677m over the four year period to 2028/29. The revised MTFP was approved by the full Council in February 2025 who also acknowledged that this needs to be managed through the delivery of efficiencies and additional income and is an integral part of the annual budget process.

The Council's General Fund Reserves remain healthy and as at 31 March 2025 were £19.890 million. This is made up of £8.876 million in an un-ring-fenced general fund reserve which exists to cushion the impact of unforeseen events that would impact on the Council's resources and cannot be contained within existing budgets and would not be covered by normal insurance arrangements. The remaining £11.014 million is being held in specific ring-fenced reserves available for specific revenue and capital projects.

The Accounting Code of Practice requires that local authorities prepare their accounts on a going concern basis, as they can only be discontinued under statutory prescription. Whilst the Council has identified a funding gap over the medium term it is working to close this gap and also has a reasonable level of reserves. For these reasons the Council does not consider that there is material uncertainty in respect of its ability to continue as a going concern for the foreseeable future.

### Revenue outturn

In 2024/25 the budget for the Council's net cost of services was set at £13.814 million. The budget was regularly monitored and reported to senior management and members throughout the year. There were various budgetary variances to manage during the year and some service areas including Asset Management and Legal Services did post year-end overspends. These overspends were however more than offset by other service underspends and by greater than anticipated investment returns due to high interest rates resulting in a year-end net spend of £11.870 million, within the approved budget and an overall favourable variance for 2024/25 of £1.944 million.

<b>FINANCIAL MONITORING POSITION</b>	<b>Revised Budget 2024/25</b>	<b>Outturn 2024/25</b>	<b>Suplus (Deficit)</b>
<b>31 Mar 2025</b>			
<b>SUMMARY OF PERFORMANCE</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Planning & Economic Development	1,144	1,165	(21)
Housing Services	1,317	1,205	112
Partnership & Community Engagement	1,515	1,483	32
Environmental Health	1,265	1,111	154
Street Scene Services	5,925	5,665	260
Asset Management	(4,509)	(4,142)	(367)
Finance & Business Services	3,252	3,240	12
Legal & Democratic Services	1,799	1,864	(65)
Human Resources & Customer Services	1,491	1,427	64
Executive Directors	556	591	(35)
Audit & Assurance	215	216	(1)
<b>Net Service Operational Expenditure</b>	<b>13,970</b>	<b>13,825</b>	<b>145</b>
General Expenses, Audit & Bank Charges	402	540	(138)
Apprenticeship Levy	31	47	(16)
Central Contingency	21	0	21
Minimum Revenue Provision	490	490	0
Investment Interest	(1,100)	(3,032)	1,932
<b>Total Service Costs</b>	<b>13,814</b>	<b>11,870</b>	<b>1,944</b>

### 3.2 Reconciliation from the reported underspend for the year to the movement in the General Fund balance

<b>Table 1</b>	<b>General Fund</b>	<b>Reserves</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Financial Monitoring Report (FMR) Surplus</b>	228	-	228
Civic Office FWD Capital Project	-	1,616	1,616
Street Scene Depot Feasibility	-	100	100
	<b>228</b>	<b>1,716</b>	<b>1,944</b>
<b>Budgeted &amp; other transfers to/from reserves</b>			
Capital expenditure funded from reserves	-	(3,655)	(3,655)
Elstree Film Studios - Asbestos	-	(8,202)	(8,202)
Sinking Funds Movement	-	329	329
EFS Pension contribution	-	(372)	(372)
Housing Grants & Initiatives	-	<b>448</b>	<b>448</b>
Local Development Scheme	-	234	234
Planning Inquiry Costs	-	(194)	(194)
Staffing Restructure Costs	-	(243)	(243)
Business Rate Equalisation	-	4,487	4,487
Other	-	(611)	(611)
<b>Movement in General Fund Balance</b>	<b>228</b>	<b>(6,063)</b>	<b>(5,835)</b>

### 3.3 Reconciliation from the reported spend for the year to the Expenditure and Funding analysis - Net General Fund Expenditure (note 5.15 column 1).

<b>Service</b>	<b>Revenue</b>	<b>Other</b>	<b>Trading</b>	<b>Contribution</b>	<b>Shown</b>	<b>EFA</b>
	<b>Outturn</b>	<b>movements</b>	<b>Account</b>	<b>to /from EMR</b>	<b>below</b>	<b>Column 1</b>
	<b>£000</b>	<b>post outturn</b>	<b>Recharges</b>	<b>in outturn</b>	<b>NCS</b>	<b>£000</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Asset Management	(4,230)	1,637	-	119	811	(1,663)
Audit & Assurance	217	-	-	-	-	217
Executive Directors	591	-	-	-	(44)	547
Engineering Services	88	-	-	5	154	247
Environmental Health	1,111	-	-	24	42	1,177
Finance & Business Services	3,240	4	-	155	(23)	3,376
General Expenses	587	9	-	573	(9)	1,160
Housing Services	1,205	56	-	(426)	1,488	2,323
Human Resources & Customer Services	1,427	-	-	16	156	1,599
Legal & Democratic Services	1,864	-	-	71	(45)	1,890
Partnership & Community Engagement	1,483	-	-	(57)	818	2,244
Planning & Economic Development	1,165	3	-	1	507	1,676
Street Scene Services	5,664	106	(280)	(391)	694	5,793
Corporate	490	-	-	-	(490)	-
Investment Interest	(3,032)	-	-	-	-	(3,032)
	<b>11,870</b>	<b>1,815</b>	<b>(280)</b>	<b>90</b>	<b>4,059</b>	<b>17,554</b>

### 3.4 Capital outturn

The council spent £20.404 million on capital expenditure during 2024/25 and is committed to spending a total of £21.685 million over the remaining three year programme (see Note 5.17.1). The outstanding major capital commitments include ongoing investment in Elstree Film Studios and the Civic Offices, new housing development, new car park payment machines and local community infrastructure.

#### FINANCIAL MONITORING POSITION

31 March 2025

	2023-24 Outturn	2024;25 Outturn
<b>SUMMARY OF CAPITAL SPEND</b>	<b>£000</b>	<b>£000</b>
Asset Management	23,160	11,948
Planning & Economic Development	58	621
Environmental Health	1,544	1,684
Street Scene Services	908	1,621
Finance And Business Services	52	798
Housing & Partnerships	93	0
HR & Customer Services	30	0
Hertsmere Living Limited	0	3,132
<b>Total Capital Expenditure</b>	<b><u>25,845</u></b>	<b><u>20,404</u></b>
<b>FUNDING SOURCES</b>	<b>£000</b>	<b>£000</b>
Usable Capital Receipts	379	5,686
Reserves	7,747	7,658
Grants	3,515	2,883
Revenue	59	0
Internal Borrowing	14,145	4,177
<b>Total Funding Sources</b>	<b><u>25,845</u></b>	<b><u>20,404</u></b>

## **Economic climate**

The economic climate remained challenging during 2024/25. The high cost of living following a prolonged period of high inflation and high interest rates has continued to impact on household, business and the Council's own budgets.

Investment returns were however better than anticipated throughout the course of 2024/25 due to higher than forecast interest rates and higher balances due to slippage in the capital programme. Starting in April at 5.25%, the peak of the cost of living crisis, Bank Rate dropped off by a quarter percent in August 2024 with two successive quarter point reductions in December and February, falling to 4.5% by year-end.

## **Finance Strategy**

The Finance Strategy assists the Assistant Director Finance in planning the Council's financial resources in the short to medium term (3 to 5 years) with a view to deliver the Council's service priorities. The strategy sets out the framework and principle on which the Council plans and manages its finances. As such it forms an integral part of the Council's Budget and Policy framework.

The Financial Strategy was last reviewed in July 2018 and is now overdue a full strategic review however this has been delayed so the strategy can be aligned with the new Administrations priorities and an updated draft Financial Strategy is expected to be presented to the Cabinet in the summer and will then be reviewed by scrutiny before being recommended to the Council for adoption by the end of the year.

Whilst the strategy is only reviewed every few years the core appendices including the Medium Term Financial Plan and Capital Strategy are updated annually as part of the budget process to take into account the national and regional context and link those with the Council's corporate goals and priorities.

## **Corporate Risks**

As set out in the Annual Governance Statement, the Council routinely identifies, monitors and reports its risks to the Corporate Governance Group and the Audit Committee. The process of managing these risks not only controls the threats but also provides a means to identify and respond to opportunities.

The strategic risks that have been considered by the Corporate Governance Group and reported to the Audit Committee are those that can affect the delivery of the Council's corporate goals and that relate to significant change projects.

It is worth noting that these risks are continuously monitored and reviewed by the Corporate Governance Group and reported to the Audit Committee to ensure that appropriate mitigation plans are in place to counteract any occurrence of these risks. The Council's senior managers take responsibility and ownership of these risks as well as maintaining risk mitigation plans. Management, along with the Council's Executive are continuously working towards risks minimisation.

## **The Council's Finances**

### **The General Fund**

The Council maintains an unallocated reserve, the General Fund. The maintenance of such a fund is necessary to cover both planned and unforeseen expenditure and to provide adequate levels of reserves for the Council's operations. At 31 March 2025 the balance on the General Fund was £19.990 million (2023/24 £25.824 million) - out of this, £8.978 million was held as a contingency for unforeseen events and £11.012 million has been earmarked for specific projects.

The Council's Net Budget Requirement (NBR), which is the net budget position after budgeting for gross expenditure on service provision less any income generated from fees and charges, rental income and specific funding including grants, contributions and reserves must be fully funded from Government Grant and local taxation in order to set a balanced budget, which the Council is legally required to do.

The Council has however seen reductions in core grant funding over a sustained period with the future of some funding streams such as the New Homes Bonus and Business Rates growth being uncertain due to long overdue funding reviews. Whilst the Council has continued to balance its budget through the delivery of efficiencies and increased income with challenging economic conditions and such funding uncertainty it is vital that robust levels of reserves are maintained in order to safeguard services.

### **Earmarked reserves**

Earmarked reserves are funds generated through the revenue account that have been specifically set aside for future revenue and capital projects. The Council has once again been able to make good use of its earmarked reserves by using them to help pay for the shortfalls in income, and redirecting those that were reserved for projects no longer required or considered a priority. During the year a net £6.063 million was utilised from earmarked reserves, the most significant spend being in relation to the asbestos remediation at the Council owned Elstree Studios. Total funds earmarked for future use at 31 March 2025 is £11.012 million. The breakdown of this sum is provided at note 5.30.2.

### **Capital expenditure programme and associated financing**

During the year the Council incurred expenditure of £20.404 million on capital projects, which can include anything from the purchase or replacement of vehicles and equipment to the refurbishment of existing assets. The most significant projects undertaken during the year included £7.821 million on asbestos remediation at Elstree Film Studios, £5.206 million on new housing developments including through the Council's development company, £1.684 million on Disabled Facilities Grants for home adaptations, £1.328 million on refurbishment of the Civic Offices and £0.423m on new Street Scene vehicles.

At the balance sheet date the Council was committed to capital spending of £21.685 million. Significant funding will be invested in new community facilities and green spaces as well housing development at Caishowe Road, St John's Church, Darkes Lane and Catterwick Way.

**Pension fund liability**

The Council's net pension fund deficit has increased in total by £8.212m over the last year, from £7.252m to £15.464 due to the asset ceiling adjustment, re-measurement gains and (losses) and the IAS19 adjustments (£0.706) detailed in the table below:

Return on plan assets	£4.621m
Actuarial gain on changes in financial assumptions	(£14.064m)
Actuarial gain on changes in demographic assumptions	(£1.928m)
Other experience losses	(£0.762m)
Ceiling Adjustment	£21.051m
<b>Re-measurements of the net pension liability (decrease)</b>	<b>£8.918m</b>

The value of assets held within the scheme decreased from £109.623m to £108.697m whilst the liabilities have decreased £113.487m to £99.559m. It should be noted that movements on the pension fund liability are not taken to the General Fund, which is only charged with pension fund contributions actually paid by the Council. Instead they are charged or credited to the Pensions Reserve (see note 5.31.5 to the accounts) which absorbs the differences between accounting adjustments and actual charges in accordance with statute.

It is important to recognise that the pension fund liability reflects the outlook using assumptions which cover an extremely long term. The net liability reflects the valuation of assets which themselves can be subject to wide fluctuations over the long term. In common with other employers who participate in the scheme, the Council will continue to fund the scheme at the rate recommended by the actuary to enable the scheme to meet its obligations.

The latest triennial valuation of the fund was carried out as at 31 March 2022 and the results were incorporated in the actuary's report, with assumptions updated where appropriate. The next triennial valuation as at 31<sup>st</sup> March 2025 will be reflected in the 2025/26 Statement of Accounts.

**Significant changes to provisions**

The Council's accounts include its share of the provision in respect of the cost of successful appeals against valuations for business rates (see note 5.26). At 31 March 2024 the Council's share stood at £8.138 million and after taking into account the sums utilised in 2024/25, the provision has reduced to £6.529 million at 31 March 2025. The reduction was mainly due to rateable value list amendments in relation to local film and television studios following a joint industry challenge against their significant rateable value increase from April 2023, as well as the Government announced 40% studios rate relief.

**The Council's accounting policies**

The Council reviews its accounting policies each year and implements any changes necessary to ensure that it complies with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

## **Statement of Accounts**

The Council's financial statements for the year ended 31 March 2025 are set out following this narrative statement in pages 31 to 112. Where appropriate, figures for 2023/24 are also shown to enable comparisons between the two years.

Under provisions contained in the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 (as amended in 2021), the Statement of Accounts for 2024/25 had been made available for inspection on the Council's website, and were available at the Council offices from 28<sup>th</sup> July to 1<sup>st</sup> September 2025.

In addition to this report, the Council is required to meet certain statutory requirements. Details of these responsibilities and the officer responsible are disclosed in the Statement of Responsibilities.

## **The Core Financial Statements**

### 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 applied to fund expenditure or reduce local taxation) and other reserves. The Total Comprehensive Income and Expenditure shows the true economic cost of providing the Council's services. These are different from the statutory amounts required to be charged to the General Fund for council tax setting purposes, which is arrived at by combining the Total Comprehensive Income and Expenditure with the Adjustments between accounting basis and funding basis under regulations.

The Accounting Code of Practice identifies Earmarked Reserves to be part of the General Fund balance. The earmarking of reserves has no formal status in financial reporting or statute for local government.

Further analysis of the General Fund is disclosed in the notes to the accounts, in Note 5.30, identifying where part of the fund has been earmarked for specific purposes.

### Comprehensive Income & Expenditure Statement

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

### Balance Sheet

The Balance Sheet shows the values as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example, the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt).

The second category of reserves comprises those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to fund services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.'

## Cash Flow Statement

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

## **Supplementary Statements**

### The Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows for each of the Council's services:

- the amount spent under the Council's rules for monitoring expenditure against the funding in the annual budget for the General Fund shown as Net General Fund Expenditure in the Expenditure and Funding Analysis
- the resources actually consumed in the year as measured by proper accounting practices in the Comprehensive Income and Expenditure Statement shown as Amounts included in the Comprehensive Income and Expenditure Statement in the Expenditure and Funding Analysis.

The reasons for differences between the two amounts for each service are explained in the tables following the Expenditure and Funding Analysis (5.15.1 - Note to the Expenditure and Funding Analysis).

### The Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities (i.e., those that raise bills for council tax and business rates) to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the government of council tax and business rates.

### Group Accounts

These show the consolidated position of the Council with its 100% owned subsidiary companies Elstree Studios Limited and Hertsmere Developments Limited. Group accounts are presented, in addition to the Council's single entity statements, in order to provide a full picture of the Council's economic activities and financial position. The Group Accounts comprise:

- Group Movement in Reserves Statement;
- Group Comprehensive Income and Expenditure Statement;
- Group Balance Sheet;
- Group Cash Flow Statement.

These statements are set out on pages 95 to 100.

#### 4.1 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 applied to fund expenditure or reduce local taxation) and other reserves. The deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement (GIES). These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting. The net (increase)/decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Note	Movements in Reserves during 2024/25	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
	<b>Balance at 1 April 2024 Brought Forward</b>	(25,825)	(5,756)	(22,269)	(53,849)	(174,504)	(228,353)
	Adjustments to opening Balances				-		-
	Restatement				-		-
	<b>Adjusted Balance as at 1st April 2024 Bfwd</b>	(25,825)	(5,756)	(22,269)	(53,849)	(174,504)	(228,353)
CIES	(Surplus)/Deficit on Provision of Services	(596)			(596)		(596)
CIES	Other Comprehensive Expenditure and Income				-	5,983	5,983
CIES	<b>Total Comprehensive Expenditure and Income</b>	(596)	-	-	(596)	5,983	5,387
5.14	Adjustments between Accounting Basis and Funding Basis under Regulations	6,431	720	(369)	6,782	(6,782)	-
	<b>Net (Increase)/Decrease before Transfers to Reserves</b>	<b>5,835</b>	<b>720</b>	<b>(369)</b>	<b>6,186</b>	<b>(799)</b>	<b>5,387</b>
5.30.2	Transfer to/from Reserves (Increase)/Decrease in Year 2024/25	5,835	720	(369)	6,186	(799)	5,387
	<b>Balance at 31 March 2025 Carried Forward</b>	(19,990)	(5,036)	(22,637)	(47,663)	(175,303)	(222,966)

## Prior Year Comparator

Note	Movements in Reserves during 2023/24	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
	<b>Balance at 1 April 2023 Brought Forward</b>	(42,735}	(5,138}	(19,954}	(67,827}	(173,653}	(241,480}
	Adjustments to opening Balances	(1)		(1)	(1)	(1)	(2)
	<b>Adjusted Balance as at 1st April 2023 Bfwd</b>	<b>(42,736}</b>	<b>(5,138}</b>	<b>(19,955}</b>	<b>(67,828}</b>	<b>(173,654}</b>	<b>(241,482}</b>
CIES	(Surplus)/Deficit on Provision of Services	17,045			17,045		17,045
CIES	Other Comprehensive Expenditure and Income				-	{3,916}	(3,916)
CIES	<b>Total Comprehensive Expenditure and Income</b>	<b>17,045</b>	<b>-</b>	<b>-</b>	<b>17,045</b>	<b>(3,916}</b>	<b>13,129</b>
5.14	Adjustments between Accounting Basis and Funding Basis under Regulations	(134)	(618)	(2,314)	{3,066}	3,066	-
	<b>Net (Increase)/Decrease before Transfers to Reserves</b>	<b>16,911</b>	<b>(618}</b>	<b>(2,314}</b>	<b>13,979</b>	<b>(850}</b>	<b>13,129</b>
5.30.2	Transfer to/from Reserves			-	-	-	-
	<b>(Increase)/Decrease in Year 2023/24</b>	<b>16,911</b>	<b>(618}</b>	<b>(2,314}</b>	<b>13,979</b>	<b>(850}</b>	<b>13,129</b>
	<b>Balance at 31 March 2024 Carried Forward</b>	<b>(25,825}</b>	<b>(5,756}</b>	<b>(22,269}</b>	<b>(53,849}</b>	<b>(174,504}</b>	<b>(228,353}</b>

The purposes of these reserves are:

### General Fund Balance

Holds the surpluses from the General Fund. The General Fund is the statutory fund into which all the receipts of a Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise.

### Earmarked General Fund Reserves

Amounts set aside from the General Fund Balance to earmarked reserves to provide financing for specific future expenditure plans. Amounts are posted back from earmarked reserves to meet the specified General Fund expenditure.

### Capital Grants Unapplied Reserve

Holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure.

### Capital Receipts Reserve

Holds the proceeds from the disposal of non-current assets, which are available to finance capital expenditure in future years

## 4.2 Comprehensive Income and Expenditure Statement

2023/24				Note	2024/25		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
26,705	(9,588)	17,117	Asset Management		9,084	(8,273)	810
198	-	198	Audit & Assurance		217	-	217
503	-	503	Executive Directors		547	-	547
659	(56)	603	Engineering Services		262	(14)	247
1,497	(371)	1,126	Environmental Health		1,667	(490)	1,177
29,940	(26,342)	3,598	Finance & Business Services		28,038	(24,547)	3,491
573	(47)	526	General Expenses		1,160	(22)	1,138
3,808	(1,381)	2,427	Housing Services		4,385	(1,575)	2,810
1,580	(61)	1,519	Human Resources & Customer Services		1,662	(63)	1,599
2,251	(320)	1,931	Legal & Democratic Services		2,727	(844)	1,883
3,170	(1,086)	2,084	Partnership & Community Engagement		3,740	(1,864)	1,876
3,751	(1,477)	2,274	Planning & Economic Development		4,250	(2,571)	1,679
9,066	(3,301)	5,765	Street Scene Services		9,881	(4,071)	5,810
<b>83,701</b>	<b>(44,030)</b>	<b>39,671</b>	<b>Cost of Services</b>		<b>67,620</b>	<b>(44,333)</b>	<b>23,286</b>
		1,197	Other Operating Expenditure	5.7			3,577
		(3,637)	Financing and Investment Income and Expenditure	5.8			(3,505)
		(20,187)	Taxation and Non-specific Grant Income	5.9			(23,955)
		<b>17,044</b>	<b>(Surplus)/Deficit on Provision of Services</b>				<b>(596)</b>
		(742)	(Surplus)/ Deficit on Revaluation of Property, Plant and Equipment Assets	5.31.1			(2,935)
		(3,174)	Actuarial (Gains)/ Losses on Pension Assets and Liabilities	5.29.1			8,918
		(3,916)	Other Comprehensive Income and Expenditure				5,983
		<b>13,128</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>5,387</b>

### 4.3 Balance Sheet

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

2023/24 £'000		Note	2024/25 £'000
189,268	Property, Plant and Equipment	5.16	189,915
1,177	Heritage Assets	5.19	1,157
9,054	Investment Property	5.2	9,335
302	Intangible Assets	5.21	807
3,065	Long Term Investments	5.23	3,065
8,255	Long Term Debtors	5.22	17,493
<b>211,121</b>	<b>Long Term Assets</b>		<b>221,772</b>
20,449	Short-Term Investments	5.23	20,000
35,930	Short-Term Debtors	5.22	10,398
93	Inventories		101
29,111	Cash and Cash Equivalents	5.24	34,739
<b>85,584</b>	<b>Current Assets</b>		<b>65,238</b>
(45,081)	Short-term Creditors ..	5.25	(34,511)
(8,196)	Short-term Provisions	5.26	(6,530)
<b>(53,277)</b>	<b>Current Liabilities</b>		<b>(41,041)</b>
	Long-term Creditors		
(100)	Other Long-term Liabilities	5.25	(75)
(7,252)	Liability related to Defined Benefit Pension Scheme	5.29.3	(15,464)
(7,723)	Grants Receipts in Advance - Capital	5.27	(7,464)
	Grants Receipts in Advance - Revenue		
<b>(15,075)</b>	<b>Long Term Liabilities</b>		<b>(23,003)</b>
<b>228,353</b>	<b>Net Assets</b>		<b>222,966</b>
(53,849)	Usable Reserves	5.3	(47,663)
(174,504)	Unusable Reserves	5.31	(175,303)
<b>(228,353)</b>	<b>Total Reserves</b>		<b>(222,966)</b>

I certify that the draft statement of accounts gives a true and fair view of the financial position of the Council as at 31 March 2025 and its income and expenditure for the year ended 31 March 2025.

Matthew Brown

Assistant Director of Finance (S151 Officer)  
27 February 2026

#### 4.4 Cash Flow Statement

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

2023/24 £'000		Note	2024/25 £'000
17,045	Net (Surplus) or Deficit on the Provision of Services	CIES	(596)
(14,050)	Adjust to Surplus or Deficit on the Provision of Services for Non Cash Movements		(20,965)
9,527	Adjust for Items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities		6,533
<b>12,522</b>	<b>Net Cash flows from Operating Activities</b>	<b>5.32</b>	<b>(15,027)</b>
1,121	Investing Activities	5.33	21,061
(14,373)	Financing Activities	5.34	(11,662)
(730)	Net (Increase) or Decrease in Cash and Cash Equivalents		<b>(5,628)</b>
28,381	Cash and Cash Equivalents at the beginning of the Reporting Period		29,111
<b>29,111</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>		<b>34,739</b>

## 5.1 Accounting Policies

### Basis of Preparation

The Statement of Accounts summarises the Authority's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS).

The accounts have been prepared using the going concern and accruals basis. The historical cost convention has been applied, modified for the revaluation of certain non-current assets.

The accounting policies are reviewed regularly to ensure that they remain the most appropriate to the Council's particular circumstances. Any change to the accounting policies will only be made if it is judged that the new policy will result in the accounts providing reliable and more relevant information about the Council's financial position or if the change is required by the Code.

### Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable on an accruals basis in the period in which the supply or service is delivered by the Council. Revenue includes fees, charges, rents and any other income receivable by the Council for services provided; and excludes any discounts, refunds and value added tax. Council tax is measured at the full amount receivable (net of any impairment losses).

The above policy is consistent with IFRS 15 Revenue Recognition; recognising income when the Council meets performance obligations by transferring control of goods and services to customers.

### Property, Plant and Equipment

#### *Basis of Recognition*

The cost of an item of property, plant and equipment is recognised (and hence capitalised) on the Council's Balance Sheet provided that the asset yields benefits to the Council, and the service it provides is for a period of more than one year.

However, due to the high administrative burden that would be required if all such items were included on the asset register, a de-minimis level has been set to determine which items will be capitalised and which will be expensed in the Surplus or Deficit on the Provision of Services. The de-minimis level is applied against the collective total of project costs except for items of Vehicles, Plant & Equipment which are measured on an individual item basis.

<b>Asset Category:</b>	<b>De-minimis level:</b>
Other land & buildings	£5,000
Vehicles, plant, furniture & equipment	£5,000
Infrastructure assets	£5,000
Community assets	£1,000

Where an item of Property, Plant and Equipment has major components, the cost of which is significant in relation to the total cost of the item, the components are depreciated separately.



have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years is treated as a revaluation gain and charged to the Revaluation Reserve.

A decrease in the carrying amount of an asset arising on revaluation is charged to the Revaluation Reserve up to the value of the credit balance existing in respect of the asset and thereafter in the Surplus or Deficit on the Provision of Services.

**Depreciation**

Items of property, plant and equipment (other than land, community assets to be held in perpetuity and having no determinable useful life and assets under construction) are depreciated over their expected useful economic lives on a straight line basis over the following number of years:

<b>Asset Category:</b>	<b>Depreciation Basis:</b>
Infrastructure Assets	Up to 20 Years
Other Land & Buildings	Up to 60 Years
Vehicles, Plant & Other Equipment	3 to 25 Years

**Impairment**

The Council's assets are reviewed for any evidence of impairment (e.g., a significant decline in the asset's carrying amount which is specific to the asset, obsolescence or damage) at each balance sheet date. Any impairment loss is charged to the Revaluation Reserve up to the value of the credit balance existing in respect of the asset and thereafter in the Surplus or Deficit on the Provision of Services.

**Disposals**

On disposal of assets the difference between the net disposal proceeds after any fees and the carrying amount of the asset is included in the Comprehensive Income & Expenditure Statement. However such a gain or loss on de-recognition is not deemed a proper credit or charge in the General Fund and is subsequently reported in the Movement in Reserves Statement with an amount equal to the net disposal proceeds being credited to the Capital Receipts Reserve and an amount equal to the carrying amount of the asset being charged to the Capital Adjustment Account.

**Charges to the Comprehensive Income & Expenditure Statement for the Use of Assets**

Service revenue accounts, support services and trading accounts are charged with the real cost of utilising assets through depreciation, revaluation and impairment losses as disclosed above. However local government statute does not require the council to raise council tax to cover these charges and they are subsequently transferred from the General Fund to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

**Heritage assets**

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Such assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies for property, plant and equipment. However, some of the measurement rules are relaxed when the Council is of the view that to

obtain a valuation of the asset would involve a cost disproportionate to the benefit of the user of the accounts.

Heritage assets are not subject to depreciation except where it has been determined that they have a finite useful life. The carrying amounts of such assets are reviewed when there is evidence of impairment and any such impairment is recognised and measured in accordance with the Council's accounting policies for property, plant and equipment. The proceeds of disposal of heritage assets are accounted for in accordance with the Council's accounting policies for property, plant and equipment.

### **Investment Property**

Properties that are held solely for the purpose of earning rentals, for capital appreciation or for both purposes are classified as investment properties. Where part of an investment property is replaced, the carrying amount of the part which is replaced is derecognised and the cost of the new part is reflected in the carrying amount of the asset.

Investment properties are initially recognised at cost and are subsequently measured at fair value (market value) at the balance sheet date. A gain or loss arising from a change in the fair value of an investment property is recognised in the Comprehensive Income & Expenditure Statement. On disposal of an investment property the difference between the net disposal proceeds and the carrying amount of the property is included in the Comprehensive Income & Expenditure Statement.

However such a gain or loss on de-recognition is not a proper credit or charge in the General Fund and is subsequently reported in the Movement in Reserves Statement with an amount equal to the net disposal proceeds being credited to the Capital Receipts Reserve and an amount equal to the carrying amount of the asset being charged to the Capital Adjustment Account. Investment properties are not subject to depreciation.

### **Intangible Assets**

Intangible assets are identifiable non-monetary assets without physical substance. They are recognised only where it is probable that expected future benefits attributable to the asset will flow to the council. They are measured initially at cost and subsequently at amortised cost.

Subsequent expenditure that does not enhance the asset is charged to Surplus or Deficit on the Provision of Services when incurred.

The depreciable amount of an intangible asset with a finite useful life is amortised on a systematic basis over its useful life, beginning when the intangible asset is available for use.

#### *Internally generated intangible assets*

Internally generated assets are recognised only if all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or for sale.
- The intention to complete the intangible asset and use it.
- The ability to sell or use the intangible asset.
- How the intangible asset will generate probable future economic benefits or service potential.
- The availability of adequate technical, financial and other resources to complete the intangible asset and to use or sell the intangible asset.
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

#### *Software*

Software which is integral to the operation of hardware e.g. an operating system is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. application software, is capitalised as an intangible asset. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council.

#### **Revenue Expenditure Funded by Capital Under Statute**

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

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

There are several instances whereby the Council may receive a grant or contribution towards expenditure from central government or other bodies. Where there is reasonable assurance that the grants or contributions will be received and that the Council will comply with the conditions attached to them, grants and contributions which relate to both revenue and capital expenditure are accounted for on an accruals basis and recognised immediately in the Comprehensive Income and Expenditure Statement as income as follows:

- *Specific Revenue Grants*

Specific revenue grants are credited to service revenue accounts, support services, trading accounts and corporate accounts.

- *General Revenue Grants*

General revenue grants, such as the Business Rates Baseline grant, are credited after net operating expenses.

- *Capital Grants and Contributions*

Capital grants and contributions relate to specific capital expenditure. Where assets are capitalised, the associated grants and contributions are credited to the Comprehensive Income and Expenditure Statement after net operating expenses.

The receipt of a capital grant or contribution is not a proper credit to the General Fund and where such a grant or contribution has been recognised as income in the Comprehensive Income and Expenditure Statement and the expenditure to be financed from that grant or contribution has been incurred at the Balance Sheet date, the grant or contribution is transferred from the General Fund to the Capital Adjustment Account. This transfer is reported in the Movement in Reserves Statement.

## **Section 106**

Capital contributions received under Section 106 are recognised on receipt as a liability and are released to the Comprehensive Income and Expenditure Statement following the completion of off-site facilities related to the development in question. For contributions received in lieu of a cash receipt a debtor is recognised and matched by a deferred capital receipt.

## **Community Infrastructure Levy**

The Community Infrastructure Levy (CIL) was introduced by the Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 and is a discretionary charge which relevant local authorities are empowered to charge on new development in their area. CIL charges will be based on a formula which relates the charge to the size of the development. Income from CIL charges, with the exception of amounts applied in accordance with the CIL regulations to meet administrative expenses, must be applied to fund infrastructure to support the development of the area.

Where CIL charges to be applied to fund capital expenditure have been received prior to the commencement date for the chargeable development, the CIL charges are transferred from the General Fund to the Capital Grants Unapplied Account until such a time that the charges are applied to capital expenditure.

When CIL charges have been applied to fund capital expenditure, the CIL charges are transferred from the General Fund (or the Capital Grants Unapplied Account) to the Capital Adjustment Account. Where CIL charges are to be applied to fund revenue expenditure (such

as administration expenses), the CIL charges are not to be transferred out of the General Fund.

### **Fair Value**

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

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

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

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

- **Level 1** - quoted prices;
- **Level 2** - inputs other than quoted prices included within Level 1 that are observable for the asset or liability;
- **Level 3** - unobservable inputs for the asset or liability.

### **Financial Instruments**

Financial instruments are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of the financial instrument. They are initially measured at fair value.

#### *Financial Assets*

Financial assets are subsequently measured in one of two ways:

- amortised cost - assets whose contractual terms are basic lending arrangements (i.e. they give rise on specified dates to cash flows that are solely payments of principal or interest on the principal amount outstanding, which the Council holds under a business model whose objective is to collect those cash flows)
- fair value - all other financial assets.

Amortised cost assets are measured in the Balance Sheet at the outstanding principal repayable (plus accrued interest). Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) are based on the carrying amount of the asset, multiplied by the effective rate of interest for the instrument.

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model. Changes in loss allowances (including balances outstanding

at the date of derecognition of an asset) are debited/ credited to the Financing and Investment Income and Expenditure line in the CIES.

Changes in the value of assets carried at fair value (described as Fair Value through Profit or Loss) are debited / credited to the Financing and Investment Income and Expenditure line in the CIES as they arise.

### *Statutory Reversals*

Statutory regulations allow the reversal of impairment losses out of the General Fund Balance if the financial instruments are covered by the capital expenditure definition specified in regulation 25 of the 2003 Capital Finance Regulations.

### *Financial Liabilities*

Financial liabilities are subsequently measured at amortised cost.

### **Provisions**

Provisions are recognised when the Council has a present legal or constructive obligation as a result of a past event, it is probable that the Council will be required to settle the obligation and a reliable estimate can be made of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. When recognised, provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement.

### **Financial guarantees**

Financial guarantees are recognised when the Council enters into an agreement which requires it to make specified payments to reimburse the other party to the agreement for a loss that party incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Initial recognition of the guarantee is at fair value based on an estimate of the probability of the guarantee being called and the likely amount payable

In subsequent years the fair value of the guarantee is amortised over the period of the underlying risk exposure to the extent that the exposure is expected to fall over the life of the guarantee. Where payment of the guarantee becomes probable, the fair value of the guarantee will be deemed to be equivalent to the amount that would be determined for a provision in accordance with International Accounting Standard (IAS) 37, Provisions, Contingent Liabilities and Contingent Assets.

### **Inventories**

Inventories are valued at the lower of cost or net realisable value, using the first-in, first-out (FIFO) method.

### **Cost of Support Services**

The 2024/25 Accounting Code of Practice requires the segmental analysis and amounts disclosed in the Comprehensive Income and Expenditure Statement to be based on the Council's financial monitoring reporting process. The cost of support services, with the exception of those recharged to trading accounts which are required to be disclosed on a total

cost basis, are not reallocated and are disclosed in the Comprehensive Income and Expenditure segment that hosts the support service.

### **Contingent Assets & Liabilities**

Contingent assets and liabilities arise from past events but where the future asset or obligation are uncertain and cannot be reliably ascertained. Material contingent assets and liabilities are disclosed in the Notes to the Accounts but are not provided for in the core financial statements.

### **Reserves**

#### *Usable reserves*

Usable reserves are those reserves that can be applied to fund revenue or capital expenditure or reduce local taxation. The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Earmarked reserves are created by appropriating amounts from the General Fund and are separately disclosed in the Usable Reserves note to the balance sheet. When expenditure is financed from a reserve, it is charged to the appropriate service revenue account in that year, including it in the Surplus or Deficit on the Provision of Services as required under the Code. The amounts are subsequently charged to the appropriate reserve in the Usable Reserves note.

All other movements in usable reserves, including adjustments between accounting basis and funding basis under regulations, are reported in the Movement in Reserves Statement.

#### *Unusable reserves*

Certain reserves are maintained to manage the accounting process for property, plant and equipment, financial instruments, retirement and other employee benefits, the collection of council tax / business rates and deferred capital receipts and do not represent resources available to the Council. Specific details relating to these reserves are included elsewhere in these accounting policies and details on all reserves are included within the reserves note to the accounts.

### **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 highly liquid investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

### **Employee Benefits**

Termination benefits are amounts payable as a result of an authority to terminate an officers employment before the normal retirement date or an Officers decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate Service, or, where applicable to a Corporate Service segment at the earlier of when an Authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the Pension Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement of 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 such amount payable but unpaid at the year end.

## **Pensions**

The Council participates in the Hertfordshire Local Government Pension Scheme (LGPS), a defined benefit scheme operated by Hertfordshire County Council.

- The liabilities of the LGPS attributable to the Council are included in the Balance Sheet on an actuarial basis, using the projected unit method.
- Liabilities are discounted to their value at current prices, using a discount rate that is based upon the indicative rate of return on a high quality corporate bond of equivalent currency and term to the scheme's liabilities.
- The assets of the LGPS attributable to the Council are included in the Balance Sheet at their fair value.

Changes in the net pension liability are analysed into the following components:

### *Service Costs:*

- Current service cost - the increase in liabilities as a result of service earned during the year is charged to the Comprehensive Income and Expenditure Statement (i.e. to the services for which the employees worked);
- Past service cost - the increase in liabilities arising from a current year pension scheme amendment or a curtailment, whose effect relates to years of service earned in earlier years, is debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement; and
- Gains/losses on settlements - the results of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees are credited or debited to the Surplus/Deficit on the Provision of Services line in the Comprehensive Income and Expenditure Statement.

### *Net interest expense:*

The change during the period in the net pension liability arising from the passage of time. It includes interest income on plan assets and interest costs on the pension liability. It is calculated by applying the discount rate used to measure the net pension obligation at the beginning of the period to the net pension liability at the beginning of the period - taking into account any changes in the net pension liability during the period as a result of contribution and benefit payments. It is charged or credited to the 'Financing and Investment Income and Expenditure' line within the Comprehensive Income and Expenditure Statement.

### *Re-measurements of the net pension liability*

These are recognised as Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement and are charged to the Pensions Reserve. They comprise:

- Return on plan assets - interest, dividends and other income derived from the scheme's assets (excluding amounts included in net interest on the net defined benefit liability), together with realised and unrealised gains or losses on those assets, less costs of managing the assets and any taxes payable;
- Actuarial gains and losses - changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation, or because the actuaries have updated their assumptions.

### *Contributions paid to the LGPS*

Cash paid as employer's contributions to the Pension Fund; these are not accounted for as an expense within the Comprehensive Income and Expenditure Statement. Statutory provisions restrict the amount that the Council can fund through council tax to the amounts actually payable each year, and as a result all other movements are funded by the pension reserve, by means of transfers which are reported in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement.

### *Short Term Employee Benefits*

Salaries, wages and employment related payments are recognised in the period in which the service is received from employees. The cost of annual and flexible leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period. The estimation of such costs is based on records of annual and flexible leave taken and contractual entitlements to payment.

### **Leases**

The determination of whether an arrangement is, or contains, a lease is based upon the substance of the arrangement at inception date.

Since 1 April 2024, the Council accounts for leases in accordance with the International Financing Reporting Standard (IFRS) 16 Leases. One of the main changes under the new accounting standard is the removal of the distinction between financing or operating leases for lessees, for non-exempt leases. All leases and lease arrangements are recognised on the lessee's balance sheet as right-of-use assets with corresponding lease liabilities. Leases for items of low value and leases which expire within 12 months are exempt from the new accounting treatment.

### *Council as Lessor*

Finance leases - the council recognises assets held under finance leases as a receivable at an amount equal to the net investment in the lease. The lease payment receivable is treated as repayment of principal and finance income, with the interest element shown in Interest receivable and similar income in the Comprehensive Income and Expenditure Statement and the principal element reducing a long term debtor on the Balance Sheet. The finance income is calculated so as to produce a constant periodic rate of return on the net investment. The asset itself is derecognised from Property, Plant and Equipment.

Operating leases - items of property, plant and equipment let out under operating leases are presented according to the nature of the asset. Income from operating leases is recognised

on a straight-line basis over the lease term, even where this does not match the pattern of payments.

### **Interests in Companies and Other Entities**

The Council is required to produce group accounts alongside its own financial statements where it has material interests in subsidiaries, associates and / or joint ventures. Group accounts have been prepared including Elstree Studios Ltd and Hertsmere Developments Ltd (both 100% owned). In the Council's accounts the interests in companies are recorded as investments at cost or fair value.

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

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

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

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

### **Value Added Tax**

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income

### **Non-Current Assets Held for Sale**

Where it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than continued use, it is reclassified as an asset held for sale. A non-current asset classified as held for sale is measured at the lower of its carrying value and fair value less costs to sell at initial reclassification and at the end of each reporting period. Any subsequent gains and losses are posted to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Assets held for sale are only recognised where a property is being actively marketed, and is likely to result in a probable sale within 12 months of the balance sheet date.

### **Collection Fund**

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, showing the transactions of the billing authority in relation to business rates and council tax, and illustrates the way in which these have been distributed to preceptors and the General Fund, in accordance with relevant legislation. The Collection Fund is consolidated with other accounts of the Council, is prepared on an accruals basis and provision is made for potential uncollectable amounts and Business Rates appeals.

## **5.2 Accounting Standards that have been issued but have not yet been adopted**

The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new accounting standard that has been issued but not yet adopted.

Accounting Standards that have been issued but not yet adopted, include:

- Annual Improvements to IFRS Standards 2018-2020. The annual IFRS improvement programme notes 4 changed standards:
  - IFRS 1 (First-time adoption) - amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
  - IAS 37 (Onerous contracts) - clarifies the intention of the standard
  - IFRS 16 (Leases) - amendment removes a misleading example that is not referenced in the Code material
  - IAS 41 (Agriculture) - one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

None of the matters covered in the annual improvements are dealt with in detail in the 2024/25 Code. During the consultation process on the 2024/25 Code CIPFA/LASAAC did not envisage them having a significant effect on local authority financial statements.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- For the 2024/25 financial year, the Council must implement IFRS 16 Leases, applying the provisions as they have been adopted in the 2025/26 Accounting Code.

The main impact of IFRS 16 will relate to equipment that the Council holds under operating leases, for which assets and liabilities are not recognised and lease payments are generally charged as revenue expenditure when they are payable. Under IFRS 16, the accounting treatment for all leases (except those with a term of less than 12 months and those involving low value items) will be to recognise a right-of-use asset in the balance sheet, measuring the value of the Council's right to use the equipment over the remaining term of the lease. The Balance Sheet will also include a liability for the rents payable before the lease expires.

When amounts are paid, they will be applied partly to write down the liability and partly charged as interest on the outstanding liability. The cost of the right-of-use asset will be reflected in depreciation charges in the Comprehensive Income and Expenditure Statement. However, statutory arrangements are in place that will allow the impact on the General Fund Balance to be unchanged - ie, that the overall charge for each year will be the rents payable in that year.

## **5.3 Critical Accounting Estimates and Judgements**

The preparation of accounts in accordance with the Code requires management to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The key areas of judgement and estimation uncertainty routinely applied by management are set out in the accounting policies above and in individual notes to the accounts which support

the amounts disclosed in the Council's Balance Sheet. In addition, the following critical judgements have been applied in preparing the Statement of Accounts:

- The Council is not represented on the board of InspireAll, a charitable trust that operates the leisure facilities owned by the Council and formerly operated by the Council. Accordingly it has been determined that the Council does not have control of the Trust and that the Trust is not a subsidiary of the Council.
- The Council has considered its relationships with other entities with which it has entered into collaborative arrangements, details of which are given at note 5.38. The council has concluded that the inclusion of such interests in a set of group financial statements should only be made where there is a material effect on the Council's financial position and its obligations and such an effect is therefore material for an understanding of its financial affairs. The group financial statements reflect the combined results of the Council, Elstree Film Studios Limited and Hertsmere Developments Limited.
- The Council has made provision in its Collection Fund of £16.179 million for the future cost of making repayments of business rates to payers who successfully appeal against the rateable value of their property as determined by the local Valuation Office at 1 April 2010 or at a later date. Note 5.26 to the Statement of Accounts discloses the share of this provision allocated to the Council (£6.471 million -40% of the total).

#### **5.4 Assumptions made about the future and other major sources of estimation uncertainty**

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

The items in the Council's balance sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Different from Assumptions
<i>Property Plant &amp; Equipment</i>	<p><b>Assets</b> are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.</p> <p>The current economic climate makes uncertain that the authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p> <p>Assets are valued on a three-year rolling basis. The Council has Property, Plant and Equipment with a carrying value of £189.915 million on the Balance Sheet as at 31st March 2025, with £2.693 million charged as depreciation during the year.</p> <p>Building indices are not applied to approximate for those assets that are not subject to the revaluation process in the year.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>Based on the assets that were valued in the year as part of the three-year rolling revaluation programme, any 1% increase in valuation for assets last valued prior to 31/03/2025 would equate to the carrying value increasing by approximately £0.371 million.</p> <p>The valuers have reported the 31/03/2025 valuation is not subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation Global Standards.</p>
<i>Pensions Liability</i>	<p>Estimations of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in mortality rates and expected returns on pension fund assets.</p> <p>The Council concurs with the assumptions to be applied by the independent actuary to the Hertfordshire Local Government Pension Scheme.</p>	<p>The effect on the net pension's liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the real discount rate assumption would result in an increase in the pension liability of £0.15 million.</p> <p>Note 5.29.5 sets out details of the assumptions made by the independent actuary to the Hertfordshire Local Government Pension Scheme together with further examples.</p>
<i>Non Domestic Rates Appeals provision</i>	<p>The provision for NOR Appeals includes an assessment of the appeals lodged to 31st March 2025. The carrying amount of the provision is £16.179 million, of which the Council's 40% share of £6.471 million is reflected in the accounts.</p> <p>Rateable value list amendments of £6.430 million were charged against the carrying amount of the provision in 2024/25 and an additional provision of £2.265 million was made during the year.</p>	<p>If NOR appeals were to increase significantly the provision would have to be increased. The increased liability would be shared between the Council, Hertfordshire County Council and Central Government</p>
<i>Fair value estimations</i>	<p>The fair values of investment properties are principally based on the available market evidence for the sale and purchase of similar assets.</p> <p>Under IFRS 13 fair value hierarchy these have been shown as a level 2 input namely using quoted prices for similar assets or liabilities in active markets at the balance sheet date. If this information is not available estimates are undertaken in accordance with RICS professional guidelines.</p>	<p>Most estimates are based on current market information therefore material changes are not expected.</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for these assets.</p> <p>The council sought assurance from the valuer of the appropriateness of the valuations in light of the RICS related material uncertainty and the valuer reported the 31/03/2025 valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation Global Standards.</p>

**5.5 Events after the Balance Sheet Date**

None.

## 5.6 Trading Operations

The Council has established the following two trading units which the service manager is required to operate in a commercial environment and balance the unit's budget by generating income from other parts of the Council or other organisations. The following sums have not been allocated to the relevant services in the Comprehensive Income and Expenditure Statement.

2023/24 £'000		Expenditure £'000	Income £'000	2024/25 £'000
54	<b>Cemeteries / Burial Grounds</b> The Council maintains two closed cemeteries (not available for burials) and one lawn cemetery that incurs expenditure - the trading objective is to minimise the subsidy funded from council tax.	201	(218)	(17)
(88)	<b>Trade Refuse</b> The Council has a duty under the Environmental Protection Act to provide, where requested, a commercial waste service for which a charge is made.	508	(637)	(129)
<b>(34)</b>		<b>709</b>	<b>(855)</b>	<b>(146)</b>

## 5.7 Other Operating Expenditure

2023/24 £'000		2024/25 £'000
1,479	Parish and town council precepts	1,661
(282)	Net (Gains) on the Disposal of Non-current Assets	1,916
<b>1,197</b>		<b>3,577</b>

## 5.8 Financing and Investment Income and Expenditure

2023/24 £'000		2024/25 £'000
345	Interest Payable and similar charges	313
489	Net Interest on the net defined Benefit Liability (Asset)	109
(3,358)	Interest (Receivable) and similar income	(3,334)
(502)	Net (Gains) and Losses on Fair Value Adjustments on Investment Properties	210
(631)	Other investment income	(657)
(34)	(Surplus)/ deficit on trading undertakings not included in net cost of services	(146)
54	Impairment of financial assets - should be on the face of the CIES under revaluation reservemovements	-
<b>(3,637)</b>		<b>(3,505)</b>

### 5.9 Taxation and non-specific grant income

During the year, the Council credited the following items of taxation, grants and contributions to the Comprehensive Income and Expenditure Statement:

2023/24 £'000			2024/25 £'000	
(8,551)		Amount collectable from council tax	(8,807)	
(1,479)		Amount collectable on behalf of parishes	(1,661)	
19		Share of (surplus)/ deficit on collection fund for the year	(95)	
	<b>(10,011)</b>	<b>Council Tax income</b>		<b>(10,564)</b>
(22,333)		Amount collectable from business rates	(26,022)	
24,371		Tariff payable	25,538	
<b>(234)</b>		Share of (surplus) / deficit on collection fund for the year	(3,502)	
(1,091)		Growth levy	2,383	
(23)		Levy Account Surplus Grant	(27)	
(3,588)		Grant in respect of small business and other rates reliefs	(5,304)	
-		Pooling Gains		
	<b>(2,898)</b>	<b>Non-domestic rates income and expenditure (see note below):</b>		<b>(6,934)</b>
(25)		New Homes Bonus	(468)	
-		Lower Tier Services Grant	-	
(110)		Services Grant	(49)	
(1,016)		Funding Guarantee	(873)	
(122)		Revenue Support Grant		
	<b>(1,273)</b>	<b>General Government Grants:</b>		<b>(1,390)</b>
(1,336)		Disabled facilities grant	(1,138)	
(1,250)		Community Infrastructure Levy	(1,715)	
(1,242)		Section 106 monies utilised	(808)	
(2,127)		Other capital contributions	(1,406)	
	<b>(5,955)</b>	<b>Capital grants and contributions: Recognised capital grants and contributions:</b>		<b>(5,067)</b>
(50)		Donated Assets	-	
	<b>(50)</b>	<b>Total of Donated Assets in year</b>		<b>-</b>
<b>(20,187)</b>	<b>(20,187)</b>		<b>(23,955)</b>	<b>(23,955)</b>

Note: The total amount of business rates collected by the Council, less certain reliefs and other deductions, has been allocated amongst the Council, Hertfordshire County Council as a preceptor and MHCLG. The Council's share is subject to a tariff, being the amount by which the share exceeds the funding level determined by central government as being appropriate to the borough's needs.

The Council's Comprehensive Income and Expenditure Statement includes a share of any surplus or deficit arising for the year on the collection of business rates.

### 5.10 Members Allowances and Expenses

2023/24 £'000	Allowance / Expense:	2024/25 £'000
256	Basic allowance	306
160	Special responsibility allowance	198
-	Travel and other allowance	2
<b>416</b>	<b>Total For the Year</b>	<b>505</b>

## 5.11 Employees Remuneration

Under the Accounts and Audit Regulations 2015, Local Authorities are required to disclose: the remuneration of the council's senior employees, analysed over the following categories:

2024/25	Notes	Salary, Fees and Allowance £'000	Expenses £'000	Compensation for Loss of Office £'000	Total Remuneration £'000	Pension Contributions £'000	Total <i>ta</i>
Chief Executive*		177,835			177,835	34,497	212,332
Executive Director		136,328	210		136,538	26,320	162,858
Head of Finance & Business Services (S151 Officer)		103,272	409		103,681	20,345	124,026
Head of Partnerships & Community Engagement		100,272			100,272	19,754	120,026
Head of Legal & Democratic Services (Monitoring Officer)		100,272			100,272	19,754	120,026
Head of Planning & Economic Development	1	79,829	91		79,920	15,726	95,646
Interim Head of Planning & Economic Development	2	7,723			7,723	1,521	9,244
Head of Street Scene		91,233			91,233	17,973	189,206
Head of Env Health, Licensing & Resilience		85,844			85,844	16,911	102,755
Head of Asset Management & Engineering	3	22,918		22,145	45,063	4,192	49,255
Acting Head of Asset Management & Engineering	4	38,906			38,906	7,664	41,570
Head of Asset Management & Engineering	5	19,137			19,137	3,770	22,907
<b>Total</b>		<b>963,511</b>	<b>710</b>	<b>22,145</b>	<b>985,393</b>	<b>188,427</b>	<b>1,173,820</b>

### Notes

1. Left the Council on 14<sup>th</sup> February 2025
2. Appointed as Interim Head of Service between 15<sup>th</sup> February 2025 and 27<sup>th</sup> May 2025
3. Left the Council on 30<sup>th</sup> June 2024
4. Appointed as 'Acting Head of Service' between 1<sup>st</sup> July 2024 and 5<sup>th</sup> January 2025
5. Started on 6<sup>th</sup> January 2025

**Prior Year Comparator - 2023/24**

2023/24	Notes	Salary, Fees and Allowance £'000	Expenses £'000	Compensation for Loss of Office £'000	Total Remuneration £'000	Pension Contributions £'000	Total £'000
Managing Director*	1	165,283		-	165,283	32,037	197,320
Executive Director		127,201		-	127,201	24,510	151,711
Head of Finance & Business Services (5151 Officer)		99,409		-	99,409	19,535	118,944
Head of Partnerships & Community Engagement		101,415		-	101,415	18,994	120,409
Head of Legal & Democratic Services (Monitoring Officer)		96,415		-	98,415	18,994	115,409
Head of Planning & Economic Development		87,638		-	87,638	17,245	104,883
Head of Street Scene		89,276		-	89,276	17,587	106,863
Head of Env Health, Licensing & Resilience		79,522		-	79,522	15,631	95,153
Head of HR & Customer Services	2	87,368		-	87,368	8,184	95,552
<b>Total</b>		<b>933,527</b>	<b>•</b>	<b>•</b>	<b>933,527</b>	<b>172,717</b>	<b>1,106,244</b>

## Notes

1. The title of the role has since changed to Chief Executive
2. Left the Council on 15<sup>th</sup> December 2023

Employers' contributions to the pension scheme represent the amount determined at the last actuarial valuation as being required to meet the cost of future pension accrual.

The table on the next page shows the number of Council officers whose remuneration exceeds £50,000 per annum grouped into £5,000 bands.

Remuneration is the amount paid to or receivable by an employee, and includes gross pay (i.e. before deduction of the employee's pension contributions, tax and National Insurance), sums due by way of expense allowances, and the estimated monetary value of any additional benefits that are non-cash in their nature. Also included, where applicable, are amounts relating to retirement and redundancy lump sum payments and pay in lieu of notice. Contributions made by the Council to the pension scheme are not included in this table.

2023/24 Number of Employees	Remuneration band	2024/25 Number of Employees
9	£50,000-£54,999	14
3	£55,000-£59,999	5
8	£60,000-£64,999	4
2	£65,000-£69,999	4
1	£70,000-£74,999	4
3	£75,000-£79,999	2
-	£80,000-£84,999	-
5	£85,000-£89,999	1
	£90,000-£94,999	1
2	£95,000-£99,999	
1	£100,000-£104,999	3
	£110,000-£109,999	
	£110,000-£114,999	
	£115,000-£119,999	
	£120,000-£124,999	
1	£125,000-£129,999	
	£130,000-£134,999	
	£135,000-£139,999	1
	£140,000-£144,999	
	£145,000-£149,999	
	£150,000-£154,999	
	£155,000-£159,999	
	£160,000-£164,999	
1	£165,000-£169,999	
	£170,000-£174,999	
	£175,000-£179,999	1
<b>36</b>	<b>Total of Employees</b>	<b>40</b>

Notes

1. The 2023/24 figures have been updated to include all employees, including Senior Officers earning over 50k

**5.12 Termination Benefits**

The Council terminated the contracts of a number of employees in 2024/25 incurring liabilities of £383k (2023/24: £167k).

The number of contracts terminated ('exit packages') with total cost per band and total cost of compulsory and other redundancies are set out in the table below:

Exit package cost band (including special payments)	Number of Compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	31-Mar-25 Number	31-Mar-24 Number	31-Mar-25 Number	31-Mar-24 Number	31-Mar-25 Number	31-Mar-24 Number	31-Mar-25 £'000	31-Mar-24 £'000
Up to £20,000	.	-	4	3	4	3	33	29
£20,001-£40,000	.	-	4	2	4	2	124	52
£40,001-£60,000	.	-	.	2	-	2	.	86
£60,001-£80,000	.	-	2	-	2	-	145	-
£80,001-£100,000	.	-	1	-	1	-	81	-
<b>Total</b>	.	-	<b>11</b>	<b>7</b>	<b>11</b>	<b>7</b>	<b>383</b>	<b>167</b>

### 5.13 Audit Fees

The Council has incurred the following costs in 2024/25 in respect of the audit of the Statement of Accounts, certification of grant claims and statutory inspections and other services provided by the Council's external auditors, KPMG

31-Mar-24 £'000		31-Mar-25 £'000
156	Fees payable for external audit services carried out by the appointed auditor	144
22	Fee Variation	24
62	Fees payable to external audit in relation to current year grant claims	36
<b>240</b>	<b>Total</b>	<b>204</b>

### 5.14 Adjustment between accounting basis and funding basis under regulations

The Comprehensive Income and Expenditure Statement shows the Council's actual financial performance for the year and is measured in terms of resources consumed and generated. However, the Council is required to raise council tax on a different accounting basis with the two main differences being as follows:

- Capital investment is accounted for as it is financed rather than when the asset is consumed; and
- Retirement benefits are charged as amounts become payable to pension funds and pensioners rather than as future benefits are earned.

The General Fund contains the excess to date of income over expenditure in the Comprehensive Income and Expenditure Statement. It also takes into account the use of reserves built up in the past and contributions to reserves earmarked for future specific expenditure.

The following note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. Movements in earmarked reserves are set out in note 5.30.2.

2023/24					2024/25			
General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves		General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
				<b>Adjustments Involving the Capital Adjustment Account</b>				
				<b>Reversal of items Debited/(Credited) to the CIES:</b>				
(122)			122	Amortisation of intangible assets	(129)			129
(2,524)			2,524	Depreciation	(2,713)			2,713
(13,930)			13,930	Impairment/ Revaluation charged to the CIES	(1,890)			1,890
502			(502)	Movements in the market value of Investment Properties	(210)			210
(1,508)			1,508	Revenue expenditure funded from capital under statute	(2,305)			2,305
(3,290)			3,290	Non-current assets written out on disposal	(3,584)			3,584
			-	Accumulated gains on non-current assets disposed				-
50			(50)	Donated Assets				-
2,714		(2,714)	-	Grant income transferred to Capital Grants Unapplied	1,040		(1,040)	-
				<b>Transfers between revenue and capital resources</b>				
998	(998)			Transfer of sale proceeds from revenue to the Capital Receipts Reserve	18	(18)		()
2,574	-		(2,574)	Transfer of sale proceeds from revenue to the Capital Adjustment Account	1,650			(1,650)
482	-		(482)	Minimum Revenue Provision	490			(490)
7,679	-		(7,679)	Capital expenditure charged against the General Fund	12,940			(12,940)
-	-			Adjustment for funding				-
				<b>Adjustments to capital resources</b>				
-	380	-	(380)	Use of Capital Receipts to finance capital expenditure		738		(738)
<b>3,242</b>	-	399	(3,641)	Application of capital grants and other contributions to finance capital expenditure	3,826		671	(4,497)
				<b>Adjustment primarily involving the Capital Grants Unapplied Account</b>				
			-	Application of Grants to Capital financing transferred to the Capital Adjustment Account for Revenue Expenditure Funded from Capital under Statute				-
			-	Capital Grants & Contributions unapplied credit to the Comp I & E	-			-
				<b>Adjustments Involving the Pensions Reserve:</b>				
<b>211</b>	-		(211)	Reversal of items relating to Post-Employment Benefits Debited/(Credited) to the (Surplus)/Deficit on the Provision of Services in the CIES	(2,347)			2,347
			-	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	3,216			(3,216)
				<b>Adjustments between accounting and funding basis under regulations</b>				
2,772	-	-	(2,772)	Council Tax and NNDR	(3,566)			3,566
24	-	-	(24)	Financial Instruments				-
(8)	-	-	8	Holiday Pay	(6)			6
<b>(134)</b>	<b>(618)</b>	<b>(2,315)</b>	<b>3,066</b>	<b>Total Adjustments</b>	<b>6,431</b>	<b>720</b>	<b>(369)</b>	<b>(6,782)</b>

### 5.15 Expenditure and Funding Analysis

2023/24				2024/25		
Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
1,962	(15,156)	17,118	Asset Management	3,673	2,862	810
198	-	198	Audit & Assurance	217	-	217
527	24	503	Executive Directors	513	(34)	547
615	12	603	Engineering Services	<b>263</b>	15	247
1,183	57	1,126	Environmental Health	1,098	(79)	1,177
3,584	(14)	3,598	Finance & Business Services	3,469	(23)	3,491
526	-	526	General Expenses	1,137	(1)	1,138
977	(1,450)	2,427	Housing Services	<b>4,417</b>	1,607	2,810
<b>1,544</b>	25	1,519	Human Resources & Customer Services	1,556	(43)	1,599
1,973	<b>42</b>	1,931	Legal & Democratic Services	1,823	(61)	1,884
1,480	(604)	2,084	Partnership & Community Engagement	<b>2,622</b>	745	1,876
<b>2,322</b>	48	2,274	Planning & Economic Development	2,211	532	1,679
5,390	(375)	5,765	Street Scene Services	6,231	421	5,810
<b>22,281</b>	<b>(17,391)</b>	<b>39,672</b>	<b>Net Cost of Services</b>	<b>29,228</b>	<b>5,942</b>	<b>23,286</b>
(5,370)	17,257	(22,627)	Other Income and Expenditure	(23,394)	489	(23,883)
<b>16,911</b>	<b>(134)</b>	<b>17,045</b>	<b>(Surplus) or Deficit</b>	<b>5,835</b>	6,431	(596)
(42,736)			Opening General Fund and HRA Balance	(25,825)		
16,911			Surplus/(Deficit) on General Fund in year	5,835		
<b>(25,825)</b>			Closing General Fund Balance as at 31 March 2025	<b>(19,990)</b>		

The Adjustments between Funding and Accounting Basis column reflects major adjusting items in respect of:

- Capital purposes - adding in depreciation and impairment and revaluation gains and losses in respect of council dwellings and other land and buildings; adjusting for the sale of land or buildings; adding in the statutory charge for the repayment of borrowing; adjusting for capital grants received.
- Pensions - removing employer pension contributions allowed by statute and replacing with the current and past costs allowed under international accounting standards, including interest notionally payable on the actuarial defined pension liability.
- Other - reflecting the timing difference between the forecast of council tax and non-domestic rates to be received which is included in the accounts and the actual amounts received.

The Expenditure and Funding Analysis shows for each of the Council's services;

- the resources actually consumed in the year as measured by proper accounting practices in the Comprehensive Income and Expenditure Statement shown as Amounts included in the Comprehensive Income and Expenditure Statement in the Expenditure and Funding Analysis

The reasons for differences between the two amounts for each service are explained in the tables following the Expenditure and Funding Analysis (5.15.1 Note to the Expenditure and Funding Analysis).

### 5.15.1 Note to the Expenditure and Funding Analysis

2024/25	Adjustments for capital purposes (Note 1) £'000	Net change for pensions adjustments (Note 2) £'000	Other differences (Note 3) £'000	Total adjustments £'000
Asset Management	2,903	(41)		<b>2,862</b>
Audit & Assurance				-
Executive Directors		(34)		(34)
Engineering Services	15			15
Environmental Health	11	(91)	1	(79)
Finance & Business Services	136	(159)	1	<b>(23)</b>
General Expenses		(1)		(1)
Housing Services		(77)	1,684	1,607
Human Resources & Customer Services	38	(81)		<b>(43)</b>
Legal & Democratic Services		(61)		(61)
Partnership & Community Engagement	805	(60)	1	<b>745</b>
Planning & Economic Development	27	(117)	622	<b>532</b>
Street Scene Services	797	(268)	(108)	<b>421</b>
<b>Net Cost of Services</b>	<b>4,731</b>	<b>(990)</b>	<b>2,201</b>	<b>5,942</b>
Other Income and Expenditure	3,934	121	(3,566)	489
<b>Adjustments between funding and accounting basis</b>	<b>8,664</b>	<b>(869)</b>	<b>(1,365)</b>	<b>6,431</b>

### Comparator 2023/24

2023/24	Adjustments for capital purposes (Note 1) £'000	Net change for pensions adjustments (Note 2) £'000	Other differences (Note 3) £'000	Total adjustments £'000
Asset Management	15,183	(27)	-	15,156
Audit & Assurance	-	-	-	•
Executive Directors	-	<b>(24)</b>	-	<b>(24)</b>
Engineering Services	8	(20)	-	<b>(12)</b>
Environmental Health	3	(61)	1	(57)
Finance & Business Services	131	(118)	1	<b>14</b>
General Expenses				•
Housing Services		(46)	1,496	1,450
Human Resources & Customer Services	33	(59)	1	<b>(25)</b>
Legal & Democratic Services	-	(43)	1	<b>(42)</b>
Partnership & Community Engagement	641	(38)	1	<b>604</b>
Planning & Economic Development	25	(87)	14	<b>(48)</b>
Street Scene Services	552	(178)	1	<b>375</b>
<b>Net Cost of Services</b>	<b>16,576</b>	<b>(701)</b>	<b>1,516</b>	<b>17,391</b>
Other Income and Expenditure	(14,974)	489	(2,772)	<b>(17,257)</b>
<b>Adjustments between funding and accounting basis</b>	<b>1,602</b>	<b>(212)</b>	<b>(1,256)</b>	<b>134</b>

### 1) Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the Services lines, and for the following items in Other Income and Expenditure:

- Other operating expenditure - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure - the statutory charges for capital financing and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure - capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year. The gain to the authority on revaluation of donated assets is also credited to this line.

### 2) Net Change for the Pensions Adjustments

This column reflects the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure - the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

### 3) Other Differences

This includes those other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund

### 5.15.2 Subjective Analysis

A subjective analysis of the Council's net cost of services as disclosed in the Comprehensive Income and Expenditure Statement is shown in the following tables.

2024/25	Employees Related Costs	Premises Related Expenditure	Transport Related Costs	Supplies and Services	Third Party Payments	Transfer payments	Depreciation, Impairment and REFCUS	Income	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Asset Management	1,477	3,369	3	952	380		2,903	(8,273)	810
Audit & Assurance	-			7	210				217
Executive Directors	530			16	-				547
Engineering Services	(1)	3	42	18	186		15	(14)	247
Environmental Health	1,471	2	9	116	58		11	(490)	1,177
Finance & Business Services	2,935	-	3	1,241	230	23,491	136	(24,546)	<b>3,491</b>
General Expenses	582			524	53			(22)	1,138
Housing Services	1,392		6	1,105	197		1,684	(1,575)	<b>2,810</b>
Human Resources & Customer Services	1,338	-		169	118		38	(63)	1,599
Legal & Democratic Services	1,534	101	3	1,004	87			(844)	<b>1,884</b>
Partnership & Community Engagement	985	21	2	797	1,130		805	(1,864)	1,876
Planning & Economic Development	2,633	11	5	631	321		648	(2,571)	1,679
Street Scene Services	5,209	1,164	1,151	866	695		797	(4,071)	5,810
<b>Total</b>	<b>20,085</b>	<b>4,670</b>	<b>1,224</b>	<b>7,447</b>	<b>3,664</b>	<b>23,491</b>	<b>7,036</b>	<b>(44,332)</b>	<b>23,286</b>

**Prior Year Comparator 2023/24**

2023/24	Employees Related Costs	Premises Related Expenditure	Transport Related Costs	Supplies and Services	Third Party Payments	Transfer payments	Depreciation, Impairment and REFCUS	Income	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Asset Management	989	1,736	2	8,377	419	-	15,183	(9,588)	17,118
Audit & Assurance	-	-	-	4	194	-	-	-	198
Executive Directors	490	-	-	13	-	-	-	-	<b>503</b>
Engineering Services	<b>354</b>	35	47	21	194	-	8	(56)	603
Environmental Health	1,309	10	8	141	26	-	3	(371)	<b>1,126</b>
Finance & Business Services	3,130	-	4	927	295	25,454	130	(26,342)	<b>3,598</b>
General Expenses	115	1	-	449	8	-	-	(47)	<b>526</b>
Housing Services	1,150	-	7	932	173	51	1,495	(1,381)	<b>2,427</b>
Human Resources & Customer Services	1,282	-	-	153	112	-	33	(61)	1,519
Legal & Democratic Services	1,411	35	5	762	38	-	-	(320)	1,931
Partnership & Community Engagement	935	12	1	874	707	-	641	(1,086)	<b>2,084</b>
Planning & Economic Development	2,630	17	4	724	338	-	38	(1,477)	<b>2,274</b>
Street Scene Services	5,233	1,288	749	638	615	-	543	(3,301)	<b>5,765</b>
<b>Total</b>	<b>19,028</b>	<b>3,134</b>	<b>827</b>	<b>14,015</b>	<b>3,119</b>	<b>25,505</b>	<b>18,074</b>	<b>(44,030)</b>	<b>39,672</b>

## 5.16 Property, Plant & Equipment

Movements in 2024/25	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Assets Under Construction £'000	Surplus Assets £'000	Total Property Plant and Equipment £'000
<b>Cost Valuation:</b>							
<b>At 1 April 2024</b>	<b>178,286</b>	<b>a,m</b>	<b>565</b>	<b>2,152</b>	<b>5,274</b>	<b>-</b>	<b>195,054</b>
Adjustments to opening balance							-
Additions	2,943	1,729	(9)	-	1,706	-	6,370
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	2,920		15	-	-	-	2,935
Revaluation increases/ (decreases) recognised in the Surplus/(Deficit) on the Provision of Services	(1,614)				(275)		(1,890)
Reversal of impairments							-
Derecognition - Disposals	(6)	(100)			(3,579)		(3,685)
Derecognition - Other							-
Ace Dep & Imp WO to GCA	(1,717)						(1,717)
Assets reclassified					(491)		(491)
Other movements in cost or valuation							-
<b>Balance as at 31 March 2025</b>	<b>180,812</b>	<b>10,406</b>	<b>571</b>	<b>2,152</b>	<b>2,634</b>	<b>-</b>	<b>196,576</b>
<b>Accumulated Depreciation and Impairment:</b>							
<b>At 1 April 2024</b>	<b>(963)</b>	<b>(4,160)</b>	<b>(188)</b>	<b>(474)</b>	<b>(1)</b>	<b>-</b>	<b>(5,786)</b>
Adjustment to opening balance							-
Depreciation Charge	(1,820)	(833)	(1)	(37)	(1)		(2,693)
Depreciation written out to the Revaluation Reserve							-
Depreciation written out to the Surplus/(Deficit) on the Provision of Services		100					100
Ace Dep & Imp WO to GCA	1,717						1,717
Impairments Recognised in S/D							-
Impairments recognised in RR							-
Assets reclassified							-
Other movements in cost or valuation							-
<b>At 31 March 2025</b>	<b>(1,067)</b>	<b>(4,893)</b>	<b>(189)</b>	<b>(512)</b>	<b>(2)</b>	<b>-</b>	<b>(6,661)</b>
<b>Net Book Value at 31 March 2025:</b>	<b>179,746</b>	<b>5,514</b>	<b>382</b>	<b>1,641</b>	<b>2,632</b>	<b>-</b>	<b>189,915</b>
Net Book Value at 31 March 2024:	177,322	4,617	377	1,678	5,273	-	189,268

**Prior Year Comparator 2023/24**

<b>Movements in 2023/24</b>	<b>Other Land &amp; Buildings</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Infra-structure Assets</b>	<b>Community Assets</b>	<b>Assets Under Construction</b>	<b>Surplus Assets</b>	<b>Total Property Plant and Equipment</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost Valuation:</b>							
<b>At 1 April 2023</b>	<b>176,117</b>	<b>8,035</b>	<b>524</b>	<b>2,292</b>	<b>4,483</b>		<b>191,451</b>
Adjustments to opening balance	14	(1)	(1)	(1)	(12)		
Additions	17,619	992	42	85	1,781	-	20,519
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	967			(225)			742
Revaluation increases/ (decreases) recognised in the Surplus/(Deficit) on the Provision of Services	(13,930)						(13,930)
Derecognition - Disposals	(2,129)	(248)					(2,377)
Derecognition - Other							-
Ace Dep & Imp WO to GCA	(1,706)						(1,706)
Assets reclassified (to)/from Held for Sale							-
Assets reclassified (to)/from investment properties					355		355
Other movements in cost or valuation	1,333				(1,333)		-
<b>Balance as at 31 March 2024</b>	<b>178,285</b>	<b>8,777</b>	<b>565</b>	<b>2,152</b>	<b>5,274</b>	<b>-</b>	<b>195,054</b>
<b>Accumulated Depreciation and Impairment:</b>							
<b>At 1 April 2023</b>	<b>(889)</b>	<b>(3,743)</b>	<b>(187)</b>	<b>(188)</b>			<b>(5,807)</b>
Adjustment to opening balance	(12)		0	(241)			(253)
Depreciation Charge	(1,777)	(665)	(1)	(45)	(1)	-	(2,490)
Depreciation written out to the Revaluation Reserve							-
Depreciation written out to the Surplus/(Deficit) on the Provision of Services	9	248					258
Ace Dep & Imp WO to GCA	1,706						1,706
Impairments Recognised in S/D							-
Impairments recognised in RR							-
<b>At 31 March 2024</b>	<b>(963)</b>	<b>(4,160)</b>	<b>(188)</b>	<b>(474)</b>	<b>(1)</b>	<b>-</b>	<b>(5,786)</b>
<b>Net Book Value at 31 March 2024:</b>	<b>177,322</b>	<b>4,617</b>	<b>377</b>	<b>1,678</b>	<b>5,273</b>	<b>-</b>	<b>189,268</b>
Net Book Value at 31 March 2023:	175,228	4,292	336	1,863	4,483	-	186,202

Assets included in note 5.16 within 'Other Land and Buildings' with a carrying value of £143.4M at 31 March 2025 were revalued in full at the dates shown in the table below. Valuations as at 31 March 2025 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors (RICS) have been carried out on behalf of the Council by Messrs Wilks Head and Eve LLP, Chartered Surveyors. Vehicles, plant, and equipment have not been valued because any difference from depreciated historical cost would not be material.

### 5.16.1 Rolling Revaluation

Carrying value of assets - Based on last valuation date

	Other land and buildings	Vehicle, plant & equipment	Infrastructure assets	Community assets	Assets Under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Carried at historical cost</b>		5,514	382	1,641	2,632		<b>10,169</b>
31-Mar-25	143,407	-	-	-	-		<b>143,407</b>
31-Mar-24	23,483	-	-	-	-		<b>23,483</b>
31-Mar-23	12,856	-	-	-	-		<b>12,856</b>
Prior to 2021							<b>-</b>
<b>Gross Book Value</b>	<b>179,746</b>	<b>5,514</b>	<b>382</b>	<b>1,641</b>	<b>2,632</b>	<b>-</b>	<b>189,915</b>

### 5.17 Capital Expenditure and Financing Statement

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

2023/24 £'000		2023/24 £'000
<b>23,152</b>	<b>Opening Capital Financing Requirement</b>	<b>33,690</b>
	Corrections	(521)
	<b>Capital Investment:</b>	
20,519	Property Plant and Equipment	6,370
-	Investment Properties	-
52	Intangible Assets	633
1	Heritage	-
1,508	Revenue Expenditure funded from Capital under Statute	1,684
500	Loan to Group Co	
<b>22,580</b>	<b>Total Capital Investment</b>	<b>10,419</b>
	<b>Sources of Finance:</b>	
380	Capital Receipts	(2,404)
(3,672)	Government grants and other contributions	(3,750)
	Section 106 - utilised	(840)
(588)	Repayment of Loan To HLT - HBC Leisure Centre Upgrades (Insp)	(572)
	Repayment of Loans from HDL	(2,279)
<b>(3,880)</b>	<b>Total Source of Finance</b>	<b>(9,845)</b>
	<b>Sums set aside from revenue:</b>	
(7,679)	- Direct revenue contributions	(11,484)
(482)	- MRP	(490)
<b>(8,161)</b>	<b>Total Set aside from Revenue</b>	<b>(11,974)</b>
<b>33,690</b>	<b>Closing Capital Financing Requirement</b>	<b>21,769</b>
	<b>Explanation of movements in year:</b>	
10,538	Increase in underlying need to borrowing (unsupported by Government Financial Assistance)	(11,921)
<b>10,538</b>	<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>(11,921)</b>

**5.17.1 Capital Commitments**

As at 31 March 2025 the Council had entered into a number of contracts for enhancement to Property, Plant and Equipment and other assets in 2024/25 and future years budgeted to cost £20.404 million. Similar commitments at 31 March 2024 were £38.117 million. The major commitments are:

<b>2023/24</b> £'000	<b>Scheme</b>	<b>2024/25</b> £'000
31,517	Asset Management	<b>11,948</b>
-	Hertsmere Living	3,732
588	Planning & Economic Development	621
203	Environmental Health	<b>1,684</b>
-	Housing & Partnerships	-
4,460	Street Scene Services	1,621
1,119	Finance And Business Services	798
230	Loan to Hertsmere Development Company	-
<b>38,117</b>	<b>Total</b>	<b>20,404</b>

**5.18 Leases**

*The Council and Right-of-use assets*

Right-of-use assets recognised under leases are accounted for using the policies applied generally to Property, Plant and Equipment assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated life. This will include an estimated valuation where the cost model does not provide a reliable proxy for the current value of the right-to-use asset.

During 2024/25 a review of assets that could be classed as right-to-use has been undertaken and none were found to have any material value.

*The Council as Lessee*

The Council entered into operating lease agreements to acquire the use of equipment. The future minimum payments are made up of the following amounts:

<b>31-Mar-24</b> £'000		<b>31-Mar-25</b> £'000
8	Not later than one year	8
11	Later than one year and not later than five years	4
	Later than five years	
<b>19</b>	<b>Total</b>	<b>12</b>

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year comprised:

<b>31-Mar-24</b> £'000		<b>31-Mar-25</b> £'000
4	Minimum lease payments	8
<b>4</b>	<b>Total</b>	<b>8</b>

## The Council as Lessor

### Operating Leases

The council has a license fee arrangement with Elstree Studios Limited (EFS), a 100% owned subsidiary company, under which the council receives income for use of premises occupied by EFS £3.8m paid in 2024/25 (£5.4m in 2023/24).

## 5.19 Heritage Assets

### Heritage assets held by the authority

Heritage assets comprise the restored Grade II listed Rose Garden in Herkomer Road, Bushey, the Borough's war memorials and a small number of paintings and sculptures. In addition, the Council holds some items of civic regalia. The collective value of these assets is not considered to be material.

### Carrying value

The following table summarises the movement in the carrying value of heritage assets over the year:

2024/25	Artwork £'000	Rose Garden £'000	War Memorial £'000	Total £'000
<b>Cost or Valuation</b>				
Balance at start of year	110	1,354	0	1,514
Additions	-	-	-	-
Revaluation Increase/ (Decrease)				-
Recognised in the CIES				-
	110	1,354	50	1,514
<b>Accumulated Depreciation and Impairment</b>				
Balance at start of year	-	(336)	-	(336)
Depreciation Charged in Year	-	(20)	-	(20)
Impairments recognised to CIES				-
Balance at end of year	-	(356)	-	(356)
<b>NBV AS AT 31 MARCH 2025</b>	<b>110</b>	<b>997</b>	<b>0</b>	<b>1,157</b>

### Prior Year Comparator 2023/24

2023/24	Artwork £'000	Rose Garden £'000	War Memorial £'000	Total £'000
<b>Cost or Valuation</b>				
Balance at start of year	110	1,353	0	1,513
Additions	-	1	-	.8
Revaluation Increase/ (Decrease)				-
Recognised in the CIES				-
	110	1,354	0	1,514
<b>Accumulated Depreciation and Impairment</b>				
Balance at start of year	-	(313)	-	(313)
Depreciation Charged in Year	-	(23)	-	(23)
Impairments recognised to CIES				-
Balance at end of year	-	(336)	-	(336)
<b>NBV AS AT 31 MARCH 2024</b>	<b>110</b>	<b>1,017</b>	<b>0</b>	<b>1,177</b>

## 5.20 Investment Property

Rental income from investment property of £657k (2023/24: £691 k) has been accounted for in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement. There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement. The following table summarises the movement in the fair value of investment property over the year:

2023/24 £'000		2024/25 £'000
10,076	<b>Balance at Start of the Year</b>	9,054
503	Net Gains/ (Losses) on Revaluation	(210)
	Write Out of Impairments on Revaluations	
503	<b>Net Gains / (Losses) from Movements in the Market Value of Investment Properties</b>	(210)
-	Additions	
(1,170)	Impairment	
	Disposals	
	Derecognition	
(355)	Reclassifications	491
9,054	<b>Balance at Year End</b>	9,335

All the Council's investment property portfolio has been assessed as Level 2 for valuation purposes. (See Note 5.1 -Accounting Policies for explanation of fair value levels). In estimating the fair value of the Authority's investment properties, the highest and best use of the properties is deemed to be their current use.

Level 2 inputs are those that are observable for the asset (other than quoted prices). They are based on the market approach using current market conditions and recent sale prices and other relevant information for similar assets in the local authority area.

Typical valuation inputs which have been analysed in arriving at Fair Valuations include;

- Market Rental and Sale Values
- Yields
- Void and Letting Periods
- Size
- Configuration, proportions and layout
- Location, visibility and access
- Condition
- Lease covenants
- Obsolescence

## 5.21 Intangible Assets

The movement on Intangible Asset balances during the year is as follows:

2023/24 £'000		2024/25 £'000
1,909	<b>Balance at start of year</b>	<b>1,961</b>
52	Additions	633
<b>1,961</b>		<b>2,594</b>
<b>{1,537}</b>	<b>Amortisation</b>	
(122)	Balance at start of year	(1,659)
	Amortisation Charged in Year	(129)
<b>{1,659}</b>	Balance at end of year	<b>(1,788)</b>
<b>302</b>	<b>NBV AS AT 31 MARCH 2025</b>	<b>807</b>

## 5.22 Debtors

The table below shows the amount that was owed to the Council as at 31 March 2025 by third parties, together with amounts paid by the Council in advance of receipt of goods or services.

31-Mar-24 £'000	Debtors - Amounts receivable within one year:	31-Mar-25 £'000
	<b>Financial assets</b>	
4,096	Sundry debtors and accrued income	4,834
10,169	Due from group companies	500
549	Other loans	<b>(624)</b>
25	Employee car loans	52
<b>14,839</b>	<b>Sub Total</b>	<b>4,762</b>
	<b>Non-financial assets and statutory debt</b>	
957	Council tax	2,635
751	Business rates	(834)
259	HM Revenue and Customs	461
18,252	Government departments and other local authorities	2,592
262	Housing Benefits overpaid	2,111
608	Prepayments	784
<b>21,091</b>	<b>Sub Total</b>	<b>7,749</b>
	Allowance for doubtful debt	{2,213}
<b>35,930</b>	<b>Total</b>	<b>10,298</b>

### Debtors - Amounts receivable after one year:

31-Mar-24 £'000		31-Mar-25 £'000
	<b>Financial assets</b>	
2,429	Equity charge on properties	2,429
32	Employee car loans	46
500	Loans to subsidiary undertakings	8,336
5,282	Other loans	6,658
12	Other	24
<b>8,255</b>	<b>Sub Total</b>	<b>17,493</b>
-	Allowance for doubtful debt	-
<b>8,255</b>	<b>Total</b>	<b>17,493</b>

### 5.23 Investments

31-Mar-24 £'000		31-Mar-25 £'000
491	<b>Long Term Investments:</b>	491
2,574	Investments in Subsidiaries	2,574
	Other Investments	
	Local Authorities	
<b>3,065</b>	<b>Total Long Term Investments</b>	<b>3,065</b>
	<b>Short Term Investments:</b>	
25,449	Banks	20,000
	Local Authorities	
<b>25,449</b>	<b>Total Short Term Investments</b>	<b>20,000</b>

Investments were held as follows:

The Council's investment in subsidiaries comprises 491,100 ordinary shares of £1 each in Hertsmere Developments Limited and 1 ordinary share of £1 in Elstree Film Studios Limited. Both Hertsmere Developments Limited and Elstree Film Studios Limited are 100% owned by the Council.

Other long term investments comprise:

- Hertsmere Living Limited - equity share capital of £2.574m representing a 50% holding in this joint venture stock holding company
- One £1 (12.5%) share in Broste Rivers Ltd which is the holding company of Hertfordshire Building Control Ltd (2023: £1 - 12.5%).
- 14% of the ordinary shares of £1 each issued by Hertfordshire CCTV Partnership Limited (2023: 14%).
- 20,000 shares of £0.01 each in UK Municipal Bonds Agency PLC (2023/24: £200).

The average interest rate received on core investments during the year was 4.5% (2023/24: 4.57%). Short-term investments are held for periods of one year or less.

### 5.24 Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

31-Mar-24 £'000	Cash and Cash Equivalents	31-Mar-25 £'000
745	Cash held by Officers	1,460
18,886	Bank Current Accounts	29,979
4,480	Call Deposit and Money market Funds	3,300
	Short Term Deposits	
<b>24,111</b>	<b>Total Cash and Cash Equivalents</b>	<b>34,739</b>

### 5.25 Creditors

The table below shows the amount that the Council owed as at 31 March 2025 to third parties, together with amounts received by the Council in advance of supply of goods or services.

31-Mar-24 £'000	Amounts payable within one year:	31-Mar-25 £'000
(12,492)	<b>Financial assets</b>	(6,787)
-	Sundry creditors	-
-	Due to group companies	-
<b>(12,492)</b>	<b>Sub Total</b>	<b>(6,787)</b>
(141)	<b>Non-financial assets and statutory</b>	<b>(147)</b>
(297)	Accrual for accumulated absences (note 5.31.6)	(306)
(28,671)	HM Revenue and Customs - payroll taxes	<b>(23,387)</b>
(3,479)	Due to government departments and other Local Authorities	<b>(3,884)</b>
(3,479)	Receipts in advance	<b>(3,884)</b>
<b>(32,589)</b>	<b>Sub Total</b>	<b>(27,724)</b>
<b>(45,081)</b>	<b>Total included in current Liabilities</b>	<b>(34,511)</b>

31-Mar-24 £'000	Amounts payable after one year:	31-Mar-25 £'000
(100)	<b>Financial assets</b>	(75)
(100)	Other creditors	(75)
<b>(100)</b>	<b>Sub Total</b>	<b>(75)</b>

### 5.26 Provisions

24/25 Provisions	Municipal Mutual Insurance £'000	Business Rates Appeals £'000	Herts Building Control Ltd Losses £'000	Total £'000
<b>Opening Balance</b>	<b>(58)</b>	<b>(8,138)</b>		<b>(8,196)</b>
Increase/(decrease) in provision during year		(906)		(906)
Amounts used		2572		2,572
<b>Sub Total</b>	<b>(58)</b>	<b>(6,471)</b>		<b>(6,530)</b>

### 5.27 Capital Grants Received in Advance

The Council has received a number of grants and contributions, known as Section 106 receipts that have yet to be recognised as income as they have conditions attached to them that would require the monies to be returned to the giver in the event of non-compliance with the conditions. Pending application to the relevant projects, these grants are held on the balance sheet as capital grants received in advance.

Section 106 receipts are amounts paid to the Council by developers as a result of the granting of planning permission where improvement or new facility works are required as part of the condition of granting the planning permission. The responsibility to carry out the works is with the Council, however the monies are restricted to being spent only in accordance with the agreement concluded with the developer and are repayable in the event that there are surplus funds remaining following completion of the contract or that the project is ceased following the agreement of both parties.

The balances at the year-end are as follows:

31-Mar-24 £'000	Receipts in Advance S106 Monies	31-Mar-25 £'000
(8,610)	<b>Balance at 1 April</b>	(7,724)
(102)	New grants received in advance	(826)
(345)	Receipt in lieu of interest	(312)
1,333	Application of grants used in year	1,397
-	Amounts repaid	-
<b>(7,724)</b>	<b>Balance at 31st March</b>	<b>(7,464)</b>

Interest in lieu is allocated to S106 balances whilst they are held on deposit by the Council.

### 5.28 Financial Instruments

Financial Instruments comprise contractual positions that gives rise to a financial asset of one entity and a financial liability (or equity instrument) of another.

Financial assets whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and are held within business model whose objectives are achieved by collecting contractual cash flows are carried at amortised cost.

The Council's financial liabilities are carried at amortised cost with no change in carrying amounts.

### Impairment Loss Allowances

IFRS 9 Financial Instruments requires impairment of financial assets carried at amortised cost to be based on forward-looking expectations (expected credit losses). The Council has used the following criteria to arrive at loss allowances.

Financial Asset	Criteria
Investments, cash and cash equivalents	Based on the Council's approach to credit risk arising from deposits with banks and financial institutions which are detailed below, all deposits held at 31 March 2025 are considered to have low credit risk. Therefore 12 month expected credit losses have been calculated applying risk factors provided by the Council's treasury management advisers. These are not material and have not been reflected in the core financial statements. No allowance is required for deposits with central government and other local authorities as relevant statutory provisions prevent default.
Loans to businesses and group companies	Financial assessment prior to loan advance, financial performance and position of the third party or group company, internal information e.g. attendance at board meetings and any relevant external information. The Covid-19 pandemic required the Council to review the level of expected credit loss applicable to a loan to a third party that manages the Council's leisure centres. The loan was advanced to enhance leisure centre revenue generating activities which would finance loan repayments. The Council supports the view of the third party management team that a combination of their support measures and overall management will enable the company to fully recover from the pandemic and repay the loan in full over the agreed extended period. The Council has therefore maintained the level of expected credit loss at 4% (2024: £151k, 2023: £175k) and this amount has been earmarked against the Council's usable capital receipts (£5.756m at 31 March 2025).
Trade receivables	The expected lifetime credit loss allowance is based on the provision matrices policies applied by the Council. This calculation, based on the age of debt outstanding, is adjusted for any improving or worsening position applicable to specific debtors.

## Financial Instruments by Category

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

2023/24					2024/25				
Amortised Costs	Fair Value through CIES	Non Financial Instruments Balances	Balance Sheet Carrying Amounts	Financial Instruments Impairment Allowance	Amortised Costs	Fair Value through CIES	Non Financial Instruments Balances	Balance Sheet Carrying Amounts	Financial Instruments Impairment Allowance
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
-	-	3,065	3,065	(20)					
5,826	2,429	-	8,255	(128)	6,753	10,740	3,065	3,065	(20)
13,250	-	-	20,449	-			20,000	20,000	
12,856	-	21,090	34,340	(624)			10,298	10,298	(727)
29,111	-	-	29,111	-	34,739			34,739	
(4,824)	-	(32,900)	(37,724)	-			(34,511)	(34,511)	
(100)	-	-	(100)	-			(75)	(75)	

For those assets and liabilities carried at amortised cost such carrying amounts provide a reliable estimate of fair value.

## Income, Expense, Gains and Losses

The following gains and losses arose in 2024/25 in relation to financial instruments.

31-Mar-24 Financial Instruments £'000	Financing and Investment Income and Expenditure	31-Mar-25 Financial Instruments £'000
(3,358)	Interest payable and similar charges	(3,334)
54	Interest receivable and similar income	-
	Impairment of Financial Assets	
<b>(3,304)</b>		<b>(3,334)</b>

**Changes in Expected Credit Losses**

	2024/25			
	Allowance at 1 April 2024	Allowance for assets originated or acquired	Allowance for assets derecognised	Allowance at 31 March 2025
	£'000	£'000	£'000	£'000
<b>Long Term Investments</b>				
Lifetime credit losses				-
<b>Loans to businesses and group companies</b>				
12-month credit losses	(20)			(20)
<b>Deposits with banks and building societies</b>				
12-month credit losses	(151)	-		(151)
<b>Trade receivables</b>				
Grouped assets	(601)	(103)		(704)
<b>Total loss allowances</b>	<b>(772)</b>	<b>(103)</b>		<b>(875)</b>

**Credit Risk Exposure**

The Council had the following exposure to credit risk at 31 March 2025.

	2024/25			Gross Carrying Amount £'000
	Low	Medium	High	
	£'000	£'000	£'000	
<b>Deposits with banks and building societies</b>				
12-month credit losses	33,000			33,000
<b>Loans to businesses and group companies</b>				
12-month credit losses	20,000			20,000
Lifetime credit losses				
<b>Trade receivables</b>				
Grouped assets	Not subject to credit rating			-
<b>Total amount exposed to credit risk</b>	<b>53,000</b>	<b>•</b>		<b>53,000</b>

**Credit Risk arising from deposits with Banks and Financial Institutions**

This risk is minimised through the Council's Treasury Management Strategy. The Council's investment policy has regard to the Department of Levelling Up, Housing and Communities' (DLUHC) Guidance on Local Government Investments ("the Guidance"), the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the CIPFA TM Code") and CIPFA Treasury Management Guidance Notes 2018.

The Council uses the creditworthiness service provided by its Treasury consultants; Link Asset Services. This service has been progressively enhanced over recent years and now uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries.

As well as using the Link Asset Services' matrix, the Council will limit its exposure to any one particular Institution or group of banks. The Council will adopt a tiered exposure using Fitch long term (or equivalent from other agencies if Fitch does not provide) to determine the amount of

funds placed with each institution. The table below shows counterparty investment limits for 2024/25 and deposits placed at 31<sup>st</sup> March 2025.

2024/25			
	Maximum Investment	Investment as at 31 March 2025	Call deposits at 31 March 2025 (included in cash and cash equivalents)
	£'000	£'000	£'000
Higher Quality Rated Banks-rating AAA, AA+, AA and AA-	£10m		
UK Medium Quality Rated Banks and Building Societies - rating A+, A	£6m		1 deposit not exceeding Councils banker limit
Medium Quality Rated Non UK Banks - rating A+, A	£4m		
Local Authorities	£10m	4 deposits not individually	
Part nationalised banks	£10m		
Unrated Building Societies or with rating below A - min £3B Asset Size	£3m		
Barclays Bank - Council's banker	£5m		
Money market funds - AAA	£10m		3 deposits not individually exceeding £10m
Enhanced Money market funds - AAA	£8m		
Debt Management Account Deposit Facility	Unlimited		

### Credit Risk arising from the Council's exposure to other debtors

Credit risk can arise from the Council's exposure to other debtors excluding amounts due from government and public institutions. In addition to known specific issues the Council has applied the following criteria when calculating allowances for credit risk in respect of trade receivable debt.

Trade Receivable	2024/25						Allowance at 31 March 2025 £000's
	Age (Days)						
	0-30 %	31-60 %	61-90 %	90-180 %	180-365 %	Over 365 %	
Other	-	15	30	50	80	100	(490)
Garage Rents	-	-	40	60	80	80	(10)
Parking	Provision is made based on age of Penalty Charge Notices.						(101)
<b>Total Allowance</b>							<b>(601)</b>

### Liquidity Risk

This is the risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the organisation's business/service objectives will be thereby compromised. The Council ensures it has adequate though not excessive cash resources, borrowing arrangements or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business / service objectives and will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

As the majority of its investments are short term deposits, which are available at relatively short notice, there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

### **Interest Rate Risk**

This is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the Council's finances, against which it has failed to protect itself adequately. The Council manages its exposure to fluctuations in interest rates with a view to containing its interest costs or securing its interest revenues. It achieves this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates.

The Council only invests in fixed rate investment products in order to minimise its exposure to interest rate risk.

### **Price Risk**

The Council does not invest in equity shares and therefore is not exposed to losses arising from movement in the price of shares.

### **Foreign Exchange Risk**

The Council has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to loss arising from movements in exchange rates.

## **5.29 Defined Benefit Pension Scheme**

### **Participation in Pension Schemes**

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

The Council participates in the Hertfordshire Local Government Pension Scheme which is administered by Hertfordshire County Council. This is a funded defined benefit scheme, meaning that the council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

### **Discretionary Post-retirement Benefits**

Discretionary post-retirement benefits on early retirement may be awarded. This is an unfunded defined benefit arrangement under which liabilities are recognised when the award is made. No plan assets build up to meet these liabilities.

### **Transactions Relating to Post-employment Benefits**

The Council has recognised the cost of retirement benefits in the reported cost of services when earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax is based on the cash payable in the

year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been included within the Comprehensive Income and Expenditure Statement and the General Fund via the Movement in Reserves Statement during the year:

### 5.29.1 Comprehensive Income and Expenditure Statement

2023/24 £'000	Comprehensive Income and Expenditure Statement (CIES)	2024/25 £'000
	Cost of Services:	
	<i>Service cost comprising:</i>	
2,279	Current service cost	2,238
	Past service cost	
	Finance and investment income and expenditure:	
489	Net interest expense	272
<b>2,768</b>	<b>Total post-employment benefits charged to the surplus or deficit on the provision of services</b>	<b>2,510</b>
	<b>Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement:</b>	
	Re-measurement of the net defined liability comprising:	
<b>(4,443)</b>	Return on plan assets (excluding the amount included in the net interest expense)	<b>4,621</b>
(4,999)	Actuarial (gains) and losses arising on changes in financial assumptions	(14,064)
(719)	Actuarial (gains) and losses arising on changes in demographic assumptions	(1,928)
3,599	Other experience (gains) and losses	(762)
3,388	Changes in the effect of the asset ceiling	21,051
<b>(3,174)</b>	<b>Total post-employment benefit gains/(losses) charged to the CIES</b>	<b>8,918</b>

### 5.29.2 Movement in Reserves Statement

2023/24 £'000		2024/25 £'000
<b>{2,768}</b>	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	<b>{2,510}</b>
	<b>Actual amount charged against the General Fund for pensions for the year:</b>	
<b>2,279</b>	Employer's contributions payable to the scheme	<b>3,216</b>

### 5.29.3 Pensions Assets and Liabilities recognised in the Balance Sheet

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

2023/24 £'000		2024/25 £'000
<b>{113,487}</b>	Present value of defined benefit obligations	<b>(99,559)</b>
109,623	Fair value of scheme assets	108,697
(3,388)	Effect of the asset ceiling	<b>(24,602)</b>
<b>{7,252}</b>	<b>Net liability arising from defined benefit obligation</b>	<b>(15,464)</b>

The following table reconciles the present value of the scheme's defined benefit obligations and the fair value of the scheme **assets**:

2023/24 £'000	Present Value of Defined Benefit Obligations:	2024/25 £'000
<b>(112,577)</b>	<b>As at 1 April</b>	<b>(113,487)</b>
(2,279)	Current service cost	<b>(2,238)</b>
	Past service cost	
(5,294)	Interest cost	(5,335)
(693)	Contributions by scheme members	<b>(744)</b>
	Re-measurement gains and (losses):	
719	Actuarial gains and (losses) arising on changes in demographic assumptions	1,928
4,999	Actuarial gains and (losses) arising on changes in financial assumptions	14,064
(3,599)	Other experience gains and (losses)	762
5,237	Benefits paid	5,491
<b>(113,487)</b>	<b>Closing balance at 31 March</b>	<b>(99,559)</b>

2023/24 £'000	Fair Value of Scheme Assets:	2024/25 £'000
<b>101,940</b>	<b>As at 1 April</b>	<b>109,623</b>
4,805	Interest Income	<b>5,226</b>
693	Contributions by scheme members	<b>744</b>
2,979	Contributions by employer	3,216
	Re-measurement gains and (losses):	
<b>4,443</b>	Return on plan assets excluding the amount included in the net interest expense	<b>(4,621)</b>
	Other experience gains and (losses)	
(5,237)	Benefits paid	(5,491)
<b>109,623</b>	<b>Closing balance at 31 March</b>	<b>108,697</b>

#### 5.29.4 Pension Fair Values Scheme Assets

The fair values of scheme assets are made up of the following types of investments by proportion of total assets held:

Asset Breakdown		Period Ended 31 March 2025	
		Quoted %	Unquoted %
<b>Fixed Interest Government Securities</b>	<b>UK</b>	2 %	
	<b>Overseas</b>	1 %	
<b>Index Linked Government Securities - UK</b>	<b>UK</b>	10 %	
	<b>Overseas</b>		
<b>Corporate Bonds - UK</b>	<b>UK</b>	3 %	
	<b>Overseas</b>	4 %	
<b>Equities</b>	<b>UK</b>	1 %	
	<b>Overseas</b>	26 %	
<b>Property</b>			13 %
<b>Hedge fund</b>			5 %
<b>Private Equity</b>			9 %
<b>Infrastructure</b>			2 %
<b>Unit trust</b>		19 %	
<b>Derivatives</b>		0 %	
<b>Insurance Linked Strategies</b>			1 %
<b>Private Credit</b>			1 %
<b>Cash/Temporary Investments</b>		3 %	
<b>Net Current Assets</b>	<b>Debtors</b>		
	<b>Creditors</b>		
<b>Total</b>		<b>69.0%</b>	<b>31.0%</b>

### 5.29.5 Basis for estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method which provides an estimate of the pensions that will be payable in future years dependent on assumptions about such factors as mortality rates and salary levels.

The estimated liabilities are based on a formal valuation as at 31 March 2022 and are updated to the current year by Barnett Waddingham, the independent actuary to Hertfordshire Local Government Pension Scheme.

The principal assumptions used by the actuary are as follows:

2023/24	Life expectancy from age 65 (years)	2024/25
	<b>Retiring today:</b>	
21.9	Men	21.2
24.2	Women	24.1
	<b>Retiring in 20 years:</b>	
22.3	Men	21.9
25.8	Women	25.2
	<b>Rates of Inflation</b>	
2.80%	CPI	2.90%
3.30%	Rate of increase in salaries	3.90%
4.80%	Rate of discounting scheme liabilities	5.80%
45.00%	A commutation allowance is included for future retirements to elect to take 45% of the maximum additional tax-free cash up to HMRC limits.	45.00%

31 March 2024		31 March 2025
	<b>Financial assumptions:</b>	
2.8%	Rate of increase in inflation / pension cost	2.9%
3.30%	Rate of increase in salaries	3.9%
4.8%	Rate for discounting scheme obligations	5.8%
45%	A commutation allowance is included for future retirements to elect to take 45% of the maximum additional tax-free cash up to HMRC limits.	45%
	<b>Mortality assumptions:</b>	
	Longevity at 65 for current pensioners (years)	
21.9	Men	21.2%
24.2	Women	24.1%
	Longevity at 65 for future pensioners (years)	
22.3	Men	21.9%
25.8	Women	25.2%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions as set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes that for each change the assumption analysed changes whilst all other assumptions remain constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e., on an actuarial basis using the projected unit credit

method. The methods and types of assumptions used in preparing the sensitivity analysis did not change from those used in the previous period.

<b>Approximate Impact on the Defined Benefit Obligation in the Scheme</b>		
	Percentage Increase to Employer Liability %	Monetary Increase to Employer Liability £0
0.1 % decrease in Real Discount Rate	2%	1,683
1 year increase in member life expectancy	4%	1,687
0.1% increase in the Salary Increase Rate	0%	1,628

### Impact on the Council's Cash Flows

The objectives of the scheme include that of keeping the employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over a 20 year period. The Council is participating in this strategy in order to contribute to meeting the scheme deficit while maintaining contribution rates at their current levels at least until the next triennial valuation as at 31 March 2025. Meanwhile funding levels are monitored on an annual basis.

It is estimated that the Council will contribute approximately £3.210 million to the Local Government Pension Scheme during the year ending 31 March 2026.

2021 £0	2022 £0	2023 £0	2024 £0	As at 31 March	2025 £0
(147,583)	(150,887)	(112,577)	(113,487)	Present value of defined benefit obligations	(99,559)
104,640	110,561	101,940	109,623	Fair value of employer assets	108,697
<b>(42,943)</b>	<b>(40,326)</b>	<b>(10,637)</b>	<b>(3,864)</b>	<b>Deficit(-)/ Surplus(+) in the scheme</b>	<b>9,138</b>

The defined benefit obligations show the underlying commitments that the Council has in the long term to pay retirement benefits. The total liability has a substantial negative impact on the net worth of the Council as recorded in the Balance Sheet; however, the short term effect of this liability will be minimal as statutory arrangements permit the Council to reduce the deficit by making increased contributions over the remaining working life of employees, as assessed by the scheme's Actuary.

On 25 July 2024, the Court of Appeal dismissed the appeal in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others. The appeal was brought by Virgin Media Ltd against aspects of the High Court's ruling handed down in June 2023 relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. The Court of Appeal upheld the High Court's ruling. The ruling may have implications for other UK defined benefit plans. It is understood this would apply to the Local Government Pension Scheme and HM Treasury is currently assessing the implications for all public service pension schemes. No further information is available at this stage.

### 5.30 Usable Reserves

Usable Reserves are those reserves that the council can use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the Capital Receipts Reserve can only be used to fund capital expenditure or to repay debt).

31-Mar-24 £'000		Note	31-Mar-25 £'000
(8,751)	General Fund	5.30.1	(8,979)
(17,074)	Earmarked Reserves (General Fund)	5.30.2	(11,011)
(5,756)	Capital Receipts Reserve	5.30.3	(5,036)
(22,269)	Capital Grants and Contributions Unapplied	5.30.4	(22,637)
<b>(53,849)</b>			<b>(47,663)</b>

#### 5.30.1 General Fund

The General Fund represents resources available to finance future running costs of the Council. Any surplus or deficit arising during the year from ordinary activities is transferred to the reserve, which subsequently may be used for future revenue or capital financing. The movements in the reserve during the year are summarised below and on the Movement in Reserves Statement.

31-Mar-24 £'000		Note	31-Mar-25 £'000
<b>(8,520)</b>	<b>Balance at 1 April</b>		(8,751)
17,043	(Surplus) / deficit on provision of services	4.2	(596)
(134)	Adjustments between accounting basis and funding basis under regulation	5.14	6,431
(17,141)	Transfers to (from) earmarked reserves	5.30.2	(6,062)
<b>(8,751)</b>			<b>(8,979)</b>

#### 5.30.2 Earmarked Reserves

Earmarked Reserves represents that part of the General Fund retained voluntarily for use on specific projects or causes. A summary of the movement in the reserves during the year is as follows:

31-Mar-24 £'000		Note	31-Mar-26 £'000
<b>(34,215)</b>	<b>Balance at 1 April</b>		<b>(17,074)</b>
17,141	Transfers to (from) earmarked reserves	5.30.2	6,062
<b>(17,074)</b>			<b>(11,012)</b>

A brief description of those significant reserves disclosed is shown below:

<u>General Fund Reserves (Earmarked)</u>	<u>Purpose/Description</u>
3 Valleys Way Play Area	Developer contributions for the maintenance and upkeep of new play areas.
3 Valleys Way Swale	Developer contributions for the maintenance and upkeep of suds/swale area.
Building Reserve	To fund maintenance costs in excess of revenue budget provision.
Business rates equalisation	To fund shortfalls in business rates generation.
collection fund deficit	Used to fund the 2020/21 collection fund deficit that has arisen due to the covid-19 pandemic and spread over the three years in accordance with legislation.
CCTV Reserve	To fund the future provision of the management and maintenance of the council's CCTV service.
Civic Offices Sinking Fund	Property & equipment replacement reserve for the Civic Offices.
Corporate Governance	Funds set aside to cover the future cost of the corporate consultations.
Corporate Pension	To meet any future shortfall in pension fund deficit and any strain in the pension fund.
EFS Sinking Fund	To fund repairs and maintenance costs at Elstree Film Studios.
Elections Reserve	To fund future Hertsmere local elections and by-elections.
Emergency Funding	For acquiring land or property to secure assets for the benefit of the council.
Engineering Sinking Fund	To fund vehicle and equipment replacement.
EW6 Housing Zone	Government funding to deliver the Elstree Way corridor housing zone.
Fishers Park Play Area	Developer contributions for the maintenance and upkeep of new play areas.
Flexible Homeless Support	Funds ring-fenced for three years to support increased homeless prevention as defined by Homeless Reduction Act.
Garages Sinking Fund	To fund major repairs or maintenance costs in excess of revenue budget provision.
Housing & Council Tax Benefit Equalisation Account	To fund any shortfall in government grant for benefits.
Human Resource Strategy	To fund redundancy payments or any unusual staffing costs.
Information Services Infrastructure Replacement	Funds major Information Technology infrastructure projects.
Innovation & Investment fund	To fund invest to save projects.
LOS reserve	To fund the costs associated with bringing the Local Development Plan forward for adoption.
Minor revenue grants	A miscellany of grants to fund minor projects.
New Homes Bonus Equalisation Reserve	To guard the revenue budget against declining government grants.
Non-recurring Items	Used to fund schemes such as DFG grants.
Parking Repairs & Renewals	Covers the cost of car park resurfacing, machinery, equipment replacement.
Parks Play Equipment	To cover the cost of the replacement of PJY equipment.
Recycling Initiatives	Reserve to fund recycling initiatives such as the introduction of recycling into flats.
Strategic catalyst Reserve	To fund feasibility costs in relation to strategic sites.
Uninsured Losses Reserve	To fund uninsured losses incurred.
Waste Services Vehicles Replacement	Used to fund the replacement of the Street Scene service vehicles.

The table below shows the reserve balances held at **31 March 2025** and the amounts transferred from *I* to the General Fund in order to meet future *I* current expenditure.

	Balance as at 31 March 2023 £'000	Transfers 2023/24 £'000	Balance as at 31 March 2024 £'000	Transfers 2024/25 £'000	Balance as at 31 March 2025 £'000
<b>General Fund:</b>					
3 Valleys Way Play Area	(201)	-	(201)	7	(194)
3 Valleys Way Swale	(132)	2	(130)	5	<b>(125)</b>
Building Reserve	(200)	(114)	<b>(314)</b>	293	(21)
Business rates equalisation	(8,248)	7,093	(1,155)	1,155	()
Collection fund deficit	(449)	449	-	-	-
CCTV Reserve	(129)	49	(80)	(13)	(93)
Civic Offices Sinking Fund	-	-	-	(8)	(8)
Corporate Consultation	(202)	12	(190)	35	(155)
Council Contribution to Pension Fund	(145)	72	(73)	54	(19)
EFS Sinking Fund	(200)	102	(98)	98	-
Elections Reserve	(152)	152	-	(24)	<b>(24)</b>
Emergency Funding	(1,496)	1,496	-	-	-
Engineering Sinking Fund	(249)	21	(228)	62	(166)
EWC Housing Zone	(155)	42	(113)	91	(22)
Fishers Park Play Area	(103)	-	(103)	10	(93)
Flexible Homeless Support	(243)	(3)	(246)	246	-
Garages Sinking Fund	(189)	(73)	(262)	(35)	(297)
Housing & Council Tax Benefit Equalisation Account	(1,749)	260	(1,489)	1,315	(174)
Human Resources strategy	(316)	146	(170)	170	-
Information Services - Infrastructure Replacement	(180)	110	(70)	70	-
Innovation and Investment Fund	(1,515)	1,515	-	-	-
LDS reserve	(455)	114	<b>(341)</b>	(2,296)	(2,637)
Minor revenue grants	(2,287)	(799)	(3,086)	674	(2,412)
New Homes Bonus Equalisation Reserve	(3,834)	-	(3,834)	2,532	(1,302)
Non-recurring Items	(1,038)	15	(1,023)	827	(196)
Parking Repairs & Renewals	(1,068)	(100)	(1,168)	482	(686)
Parks Play Equipment	(166)	(9)	(175)	(130)	(305)
Recycling Initiatives	(894)	400	(494)	375	(119)
Strategic Asset Investment Catalyst	-	-	-	(1,634)	(1,634)
Uninsured Losses Reserve	(7,224)	5,741	(1,483)	1,483	-
Waste Services Vehicles Replacement	(539)	429	(110)	43	(67)
Other < £100k	(457)	19	(438)	176	(262)
<b>Total General Fund</b>	<b>(34,215)</b>	17,141	<b>(17,074)</b>	<b>6,062</b>	<b>(11,012)</b>

### 5.30.3 Capital Receipts Reserve

The Capital Receipts Reserve represents proceeds from the sale of property, plant and equipment, which are restricted in order to finance future capital investment. A summary of the movement in the reserve during the year is as follows:

31-Mar-24 £'000		31-Mar-25 £'000
(5,138)	<b>Balance as at 1 April</b>	(5,756)
(998)	Receipts in year	(18)
·	Realisation of deferred capital receipts	
380	Applied during the year	738
<b>(5,756)</b>	<b>Balance as at 31 March</b>	<b>(5,036)</b>

### 5.30.4 Capital Grants Unapplied Account

The balance on the Capital Grants Unapplied Account represents grants and contributions received by the Council for the purpose of funding capital expenditure but not yet utilised. The grants in question have been recognised as income as they have no conditions attached to them that may require the monies to be returned to the giver. A summary of the movement in the account during the year is as follows:

31-Mar-24 £'000		31-Mar-25 £'000
(19,954)	<b>Balance as at 1 April</b>	{22,269}
{2,714}	Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Account	{1,896}
399	Application of grants to capital financing transferred to the Capital Adjustment Account	1,528
<b>(22,269)</b>	<b>Balance as at 31 March</b>	<b>(22,637)</b>

The balance above includes Community Infrastructure Levy (CIL) funding of £21,354k (2023/24 20,568k).

### 5.31 Unusable Reserves

Unusable Reserves are those reserves that the council cannot use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (e.g. Revaluation Reserve) where the amounts would only become available for use when assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting and funding basis under regulations".

31-Mar-24 £'000		Note	31-Mar-25 £'000
(102,569)	<b>Revaluation Balances</b> Revaluation Reserve Financial Instruments Revaluation Reserve	5.31.1	(104,501)
(72,293)	<b>Adjustment Accounts</b> Capital Adjustment Account	5.31.2	(82,899)
(2,429)	Deferred Capital Receipts	5.31.3	<b>(2,429)</b>
(4,607)	Collection Fund Adjustment Account	5.31.4	(1,086)
7,252	Pensions Reserve	5.31.5	<b>15,464</b>
141	Accumulated Absences Account	5.31.6	<b>147</b>
<b>(174,504)</b>			<b>(175,303)</b>

### 5.31.1 Revaluation Reserve

The revaluation reserve records the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

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

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account. A summary of the movement in the reserve during the year is as follows:

31-Mar-24 £'000	Revaluation Reserve Movements in Year	31-Mar-25 £'000
(102,946)	<b>Balance at 1 April</b>	<b>(102,569)</b>
(742)	Correct opening balance	(10)
	Upward Revaluation of Assets	(3,555)
	Downward Revaluation of Assets	620
<b>(742)</b>	<b>In Year surplus on revaluation of non-current assets</b>	<b>(2,935)</b>
1,007	Difference between Fair Value Depreciation and Historical Cost Depreciation	1,013
112	Accumulated Gains on Assets Sold or Scrapped written off to the Capital Adjustment Account	-
<b>1,119</b>	<b>In Year amounts written out to the Capital Adjustment Account</b>	<b>1,013</b>
<b>(102,569)</b>	<b>Balance at 31st March</b>	<b>(104,501)</b>

### 5.31.2 Capital Adjustment Account

The Capital Adjustment Account (CAA) absorbs the timing differences arising 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 current value figures to a historical cost basis). During the year a minimum revenue provision of £490k (2024/25 £482k) was made towards reducing the Council's capital financing requirement which is further disclosed in note 5.17.

The account contains accumulated gains and losses on investment property and gains recognised on donated assets that have yet to be consumed by the Council. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 5.14 provides details of the source of all transactions posted to the account, apart from those involving the Revaluation Reserve (above).

A summary of the movement in the account during the year is as follows:

31-Mar-24 £'000	Capital Adjustment Account Movements in year 2024- 25	31-Mar-25 £'000
(77,265)	<b>Balance at 1 April</b>	(72,293)
(1)	Opening Balance Adjustment	103
	<b>Reversal of items debited or credited to the CIES</b>	
2,646	Depreciation, impairment and amortisation	2,841
13,930	Impairment/ Revaluation charged to the CIES	1,890
(502)	Movements in the market value of Investment Properties	210
1,508	Revenue expenditure funded from capital under statute	2,305
3,290	Non-current assets written out on disposal	3,584
-	Donated Assets	-
(24)	Financial Instrument Impairment Allowance	
	<b>Transfers between revenue and capital resources</b>	
(482)	Minimum Revenue Provision	(490)
(7,679)	Capital expenditure charged against the General Fund	(12,940)
(2,574)	Investment proceeds recognition	(2,532)
	<b>Adjustments to capital resources</b>	
(380)	Use of Capital Receipts to finance capital expenditure	(738)
(3,641)	Application of capital grants and other contributions to finance capital expenditure	(3,826)
	<b>Adjustments involving the Revaluation Reserve</b>	
(112)	Accumulated gains on non-current assets disposed	-
(1,007)	Difference between current value depreciation over historic cost depreciation	(1,013)
(72,293)	<b>Closing Balance 31st March</b>	(82,899)

### 5.31.3 Deferred Capital Receipts

The Deferred Capital Receipts Reserve represents proceeds yet to be realised from the sale of property, plant and equipment. When received, the proceeds will be transferred to the Usable Capital Receipts Reserve. A summary of the movement in the reserve during the year is as follows:

31-Mar-24 £'000	Deferred Capital Receipts	31-Mar-25 £'000
(2,379)	<b>Balance as at 1 April</b>	(2,429)
(50)	Deferred receipts - recognition of PPE & donated assets	
.	Realised in year	
(2,429)	<b>Balance at 31st March</b>	(2,429)

### 5.31.4 Collection Fund Adjustment Account

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

31-Mar-24 £'000	Collection Fund	31-Mar-25 £'000
(42)	<b>COUNCIL TAX</b>	23
	<b>Balance as at 1 April</b>	
65	Amount by which council tax credited to the Comprehensive Income and Expenditure Statement is different from council tax calculated for the year in accordance with statutory requirements	(181)
23	<b>Balance as at 31 March</b>	(158)
	<b>NON-DOMESTIC RATES</b>	
(1,792)	<b>Balance as at 1 April</b>	(4,630)
	Adjustment to opening balance	5
(2,838)	Amount by which non-domestic rates credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates calculated for the year in accordance with statutory requirements	3,696
(4,630)	<b>Balance as at 31 March</b>	(928)
(4,607)	<b>Total NNDR and Council Tax</b>	(1,086)

### 5.31.5 Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

The council accounts for post-employment benefits in the 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 on any resources set aside to meet the costs. However, statutory arrangements require benefits earned

to be financed as the Council makes employer's contributions to the Hertfordshire Local Government Pension Scheme.

The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. A summary of the movement in the reserve during the year is as follows:

31-Mar-24 £'000		31-Mar-25 £'000
10,637	<b>Balance at 1 April</b>	7,252
(6,562)	Re-measurement of the net defined pension liability (note 5.29.1)	(12,133)
2,768	Reversal of items relating to retirement benefits debited or credited to the Surplus / (deficit) on the Provision of Services in the Comprehensive Income and Expenditure Statement (note 5.14 & 5.29.2)	2,510
(2,979)	Employers contribution payable to scheme (note 5.14 / 5.29.2)	(3,216)
3,388	Asset Ceiling Adjustment	21,051
<b>7,252</b>	<b>Balance at 31 March</b>	<b>15,464</b>

**5.31.6 Accumulated Absences Account**

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

31-Mar-24 £'000		31-Mar-25 £'000
133	<b>Balance at 1 April</b>	141
(133)	Settlement or cancellation of accrual made at the end of the preceding year	(141)
-		-
141	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	147
<b>141</b>	<b>Balance at 31 March</b>	<b>147</b>

**5.32 Cash Flow Statement - Operating Activities**

31-Mar-24 £'000		31-Mar-25 £'000
	<b>Adjustments for Non-cash movements:</b>	
	<i>Charges for depreciation, impairment and amortisation of non-current assets:</i>	
(16,431)	Property, plant and equipment	(4,602)
(23)	Heritage assets	(20)
(122)	Intangible assets	(129)
502	Movements in the value of investment properties	(210)
50	Donated assets	
	<b>Carrying amount of non-current assets sold:</b>	
(3,290)	Property, plant and equipment	(3,584)
212	Non cash pension costs	869
(345)	Movement in respect of internal interest	
(17)	Increase/ (decrease) in inventories	7
14,572	Increase/ (decrease) in revenue debtors	(25,632)
(9,158)	(Increase)/ decrease in revenue creditors & provisions	12,236
<b>(14,050)</b>		<b>(21,065)</b>
	<b>Adjustments for items that are investing or financing activities:</b>	
5,955	Capital grants credited to deficit on the provision of services	4,865
3,572	Proceeds from the sale of non-current assets:	1,668
<b>9,527</b>		<b>6,533</b>
	<b>The cash flows for operating activities include the following:</b>	
(3,221)	Interest received	(3,334)
<b>(7,744)</b>	<b>Total</b>	<b>(17,865)</b>

### 5.33 Cash Flow Statement - Investing Activities

31-Mar-24 £'000		31-Mar-25 £'000
	<b>Investing activities</b>	
20,525	Purchase of property, plant and equipment, investment property and intangible assets	17,607
27,500	Purchase of short-term and long-term investments	60,800
6,149	Other payments for investing activities	16,971
	<b>Proceeds from the sale of non-current assets</b>	
(998)	Property plant and equipment	
(43,500)	Proceeds from short-term and long-term investments	(68,552)
(4,741)	Grants received towards the purchase of property plant and equipment	(3,165)
(3,814)	Other receipts from investing activities	(2,851)
<b>1,121</b>	<b>Net cash flows from investing activities</b>	<b>20,810</b>

**5.34 Cash Flow Statement - Financing Activities**

31-Mar-24 £'000		31-Mar-25 £'000
(14,373)	<b>Financing activities</b> Cash inflow from agency arrangements for the collection of NNDR and council tax	(11,662)
<b>(14,373)</b>	<b>Net cash (inflow) / outflow from financing activities</b>	<b>(11,662)</b>

**5.35 Contingent Assets**

**Proceeds of Right to Buy**

In 1994, the Council sold its housing stock to two Housing Associations at below the market value as tenants were still occupying the homes. The agreement signed between the Council and the Housing Associations stipulates that any sale of these properties (right to buy) results in part of the proceeds reverting to the Council. However, the quantum of any future revenue cannot be reasonably determined as the Council is not aware of the number of properties that will be sold in the future.

**Truck Cartel Case**

Hertsmere Council are part of a class action taken by the Local Government Association, against vehicle companies which it is claims indulged in price fixing. The Council buys all of its vehicles outright, we cannot yet quantify the likely potential gain or likelihood of success.

**5.36 Contingent Liabilities**

**Financial Guarantees**

The Council has committed itself to providing lending to its wholly-owned subsidiaries, Elstree Studios Limited and Hertsmere Developments Limited, if required.

**5.37 Related Party Transactions**

The Council is required to disclose all material related party transactions included within this Statement of Accounts. Related parties of the Council include:

- Central Government
- Other Local Authorities and other bodies precepting or levying demands on council tax
- The Council's Members and Chief Officers
- Subsidiary and associated companies
- Other entities with which the Council carries on any form of collaborative venture

## Central Government

Central Government has the effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides a major 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. housing benefits). Details of principal transactions with government departments are set out in note 5.9.

## Other local authorities and other bodies

Details of the amounts precepted and demanded are set out in the council's Collection Fund Statement.

## Members

Members of the council have direct control over the Council's financial and operating policies. The total of members allowances paid in 2024/25 is shown in note 5.10.

Thirty-one members represent the Council on the governing bodies of voluntary and community organisations. Grants totalling £467k (2023/24: £436k) were made to voluntary organisations by the council in the year. A further £1 00k (2023/24: £102k) of support has been distributed to food banks to support the community utilising the Household Support Fund.

Details of the interests of members in external organisations are maintained in the Register of Members' Interests. CIL payments made in year to Parish Councils totalled £94k. (2023/24: £374k).

The following members hold Director positions on Hertsmere Developments Ltd, the Council's wholly owned subsidiary: Cllrs R Butler (resigned May 2024, C Shenton, P Kaza and PJ Hodgson-Jones. Details of relationship described below.

The following members hold positions of Director on Elstree Film Studios, the Council's 100% owned subsidiary: Cllrs M Bright, CS Clapper, C Myers, PJ Hodgson-Jones and J Newmark. Details of relationship described below.

## Chief Officers

Chief Officers are entitled to receive car loans from the Council. During the year a loan of £28k was made (2023/24: £0), repayments of £10k (2023/24: £10.2k) were received and £27.8k was receivable at 31 March 2025 (2024: £9.3k).

The following Senior Officers of the Council hold positions of Director in Hertsmere Developments Ltd (HDL): P Geraghty, ML Bunyan, and HJ Shade. The Council's dormant company, Hertsmere Homes Ltd (HHL) is represented by ML Bunyan. RJH Patterson was appointed the Company Secretary of HDL and HHL. Details of relationship described below.

Additionally, Senior Officer ML Bunyan holds position of Director in Broste Rivers Limited and its two subsidiaries Hertfordshire Building Control Limited and The Building Control (Hertfordshire) Limited. The Council has shared ownership of one-seventh of Broste Rivers Limited. Details of relationship described below.

The following Senior Officers of the Council hold positions of Director in Hertsmere Living Ltd: Sajida Bijle and Emily Dillon. Details of relationship described below.

HJ Shade represents the Council on the CCTV partnership. Details of relationship described below.

**Pension Fund**

Transactions and balances with Hertfordshire Local Government Pension Scheme have been disclosed in note 5.29.

**Elstree Film Studios Limited**

Elstree Film Studios Limited (EFS) is a wholly owned subsidiary of the Council incorporated on 25 November 2003. The accounts for EFS are consolidated with the Council's accounts in the Group Accounts section.

Since August 2018 the company has operated the premises owned by the Council and included in the Council's balance sheet at a net book value of £50.4 million (2024: £50.4 million) under a 30 year lease. The company pays the Council an annual rental based on its turnover, with a minimum rent of £1,200k (clause 6.4.1). For 2024-25 the annual rent was agreed at £1,200k net of VAT in accordance with clause 6.4 (2023/24 £1,200k).

In August 2022, during planned maintenance, asbestos was discovered in three stages and some ancillary buildings, which were immediately closed to allow clean up and remediation works to be undertaken. During these remediation works it was discovered that some of the roof panels in these stages which are made of Reinforced Aerated Autoclaved Concrete (RAAC), had failed. As such various options for the future of these stages have been considered.

As at the 31 March 2025 these stages and ancillary space remained closed and this is reflected in the asset value accordingly. All other areas of the site were unaffected and have continued to operate as normal. The affected stages are expected to be reopened from September 2025.

The total cost of the asbestos remediation and settlement costs amounted to £20.215 million and the Council and the EFS Board agreed to split these costs on a 60:40 basis. The Council also agreed to provide financial support to EFS and have provided the company with a working capital loan facility of up to £10 million. As at 31 March 2025 EFS had drawn £8.086 million of this facility.

**Hertsmere Developments Limited**

Hertsmere Developments Limited (HDL) has been established as a general commercial company limited by shares. The registered office is the council's civic offices. The company has issued share capital of 491,100 shares with a face value of £1 each, all of which are owned by Hertsmere Borough Council. The company will take forward development of land within the borough with a view to generating future income streams. The Council provides working capital and development loan funding to HDL. During 2024/25, HDL completed the second of two developments and that loan was repaid in full. The accounts for Hertsmere Developments Limited are consolidated with the Council's accounts in the Group Accounts section.

**Hertsmere Living Limited**

Hertsmere Living Limited (HLL), a joint venture stock holding company was incorporated on 21 December 2022 with the Council holding 50% of share capital and Clarendon Living (a subsidiary of Watford Community Housing Trust) owning the remaining 50%. During 2024/25 the joint venture acquired properties from the Council, on the open market and from HDL. Some of the acquisitions were part funded via the Local Authority Housing Fund which was passported to HLL by the Council.

**InspireAll (a company limited by guarantee)**

InspireAll was the successful bidder when the contract to manage the Council's leisure services was re-awarded in 2011. The contract included management of leisure centres and community centres as before and in

addition took over the activities previously managed by the Council's subsidiary Bushey Country Club Limited, together with the delivery of the play, 50 plus and parks events programmes previously provided by the Council itself. The Bushey Golf and Country Club was returned to the Council on 1 April 2018 and is currently being let by the Council on short leases with various tenants whilst the future of the site is being considered.

The InspireAll contract was for an initial 10 years from 1 February 2012 and was subsequently extended to 2032. The contract stipulates that the Council should receive an annual management fee which amounted to £410k (£389k in 2023/24). The leisure contract has generated significant budget savings for the Council and is regarded as a contract which will deliver value for money for Hertsmere's residents. At the end of the contract, the premises, plant and machinery will be returned to the Council in the same condition. This ensures that the service delivery capability of the facilities is maintained and enhanced.

In 2019 the Council provided a loan facility of £5 million to InspireAll to invest in the Council's assets, the loan to be repaid over the contract term. The loan balance at the end of 2024/25 is £3.204 million (2023/24 £3.775 million).

**West Herts Crematorium**

The Council is represented on the Joint Committee, or governing body, of West Herts Crematorium. Each of the four Hertfordshire boroughs represented is required to contribute to any deficit incurred by the operations of the crematorium. The Council made no such contribution in the year (2023/24: £nil). The Joint Committee is required to return to the councils any surpluses arising after financing of capital expenditure, repayment of debt and transfers to reserves. During the year, the Council received a share of such surpluses in the sum of £50k (2024/25: no payment as surplus reinvested).

**Hertfordshire CCTV Partnership**

The Council participates in the Hertfordshire CCTV Partnership in conjunction with three other boroughs. The lead partner is Stevenage Borough Council, on whose premises the control and monitoring room is located. A limited company (Hertfordshire CCTV Partnership Limited, registration number 09295528) was formed in November 2014; the Council holds 14% of the share capital (£14) and is represented on the board. The company commenced trading on 1 April 2015. Its purpose is to enable the partnership to pursue commercial trading by providing services to third parties. The year end surplus was divided between the Partnership members with Hertsmere receiving £10k.

**Hertfordshire Building Control (Broste Rivers Limited)**

The Council partnered with six local authorities across Hertfordshire to create a fully integrated Building Control service which was launched in August 2016. During 2019/20, an additional local authority joined the partnership to make a total of eight local authority partners. The Council holds 12.5% of the share capital (£8) and is represented on the board. Control is shared equally among the eight partners. Directors remuneration of £18k was received in 2024/25.

In August 2016 the Council made a loan of £107k to the company which is held in Long Term Debtors on the balance sheet. Annual interest of £5.4k was received in 2024/25

### 6.0 The Collection Fund Statement

NDR 2023/24 £'000	Council Tax 2023/24 £'000	Total 2023/24 £'000		NDR 2024/25 £'000	Council Tax 2024/25 £'000	Total 2024/25 £'000
-	90,645	90,645	<b>Income</b>			
			Council Tax Receivable		95,732	95,732
			Council Tax Discount funded by Billing Authority GF		55	55
50,538	-	50,538	Business Rates Receivable	63,368		63,368
26,629	-	26,629	Transitional Protection Payments	5,742		5,742
<b>77,167</b>	<b>90,645</b>	<b>167,812</b>	<b>Total Income</b>	<b>69,110</b>	<b>95,786</b>	<b>164,897</b>
			<b>Expenditure</b>			
			<b>Precepts, Demands and Shares</b>			
(27,916)	-	(27,916)	DLUHC	(32,528)		(32,528)
(22,333)	(10,030)	(32,363)	Hertsmere Borough Council	(26,022)	(10,468)	(36,490)
(5,583)	(69,325)	(74,908)	Hertfordshire County Council	(6,506)	(72,788)	(79,294)
-	(10,276)	(10,276)	Hertfordshire Police & Crime Commissioner		(10,838)	(10,838)
<b>(55,832)</b>	<b>(89,631)</b>	<b>(145,463)</b>		<b>(65,055)</b>	<b>(94,094)</b>	<b>(159,150)</b>
			<b>Charges to Collection Fund</b>			
-	-	-	Write offs charged to collection fund		(835)	(835)
(1,300)	(1,187)	(2,487)	Increase (-) / Decrease in Impairment Allowance	785		785
(19,300)	-	(19,300)	Increase (-) / Decrease in Provision for Appeals	4,166		4,166
(151)	-	(151)	Cost of Collection	(162)		(162)
			Renewable Energy Schemes	(27)		(27)
			Interest paid on refunds	(61)		(61)
<b>(20,751)</b>	<b>(1,187)</b>	<b>(21,938)</b>		<b>4,701</b>	<b>(835)</b>	<b>3,866</b>
<b>584</b>	<b>(173)</b>	<b>411</b>	<b>Deficit/(Surplus) for the year</b>	<b>8,756</b>	<b>857</b>	<b>9,613</b>
			<b>Apportionment of Previous Year Surplus (-) / Deficit</b>			
3,253	-	3,253	DLUHC	(8,994)		(8,994)
2,603	(46)	2,557	Hertsmere Borough Council	(7,195)	85	(7,110)
651	(321)	330	Hertfordshire County Council	(1,799)	592	(1,206)
-	(48)	(48)	Hertfordshire Police & Crime Commissioner		88	88
6,507	(415)	6,092		(17,988)	766	(17,223)
<b>7,091</b>	<b>(588)</b>	<b>6,503</b>	<b>Deficit/(Surplus) arising during the year</b>	<b>(9,233)</b>	<b>1,623</b>	<b>(7,610)</b>
4,482	381	4,863	Deficit/(Surplus) brought forward 1st April 2024	11,573	(207)	11,366
			Less agreed adjustment to Surplus/deficit	(20)		(20)
11,573	(207)	11,366	Deficit/(Surplus) carried forward 31 March 2025	2,320	1,416	3,736

4,630	(23)	4,607	Hertsmere Borough Council <i>(included in reserves)</i>	928	158	1,086
6,945	(183)	6,762	Precepting authorities <i>(included in current assets or liabilities)</i>	1,392	1,258	2,651
<b>11,575</b>	<b>(206)</b>	<b>11,369</b>	<b>Total</b>	<b>2,320</b>	<b>1,416</b>	<b>3,736</b>

## 6.1 The Collection Fund

### 6.1.1 General

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund. It shows the transactions of the Council in relation to non-domestic rates and the council tax, which the council collects as agents for its preceptors (note 6.0 above). It illustrates the way in which these sums have been distributed to preceptors and the Council. The Collection Fund is consolidated with other accounts of the Council and is prepared on an accruals basis.

### 6.1.2 Provision for Irrecoverable Debts

During the year the provision for irrecoverable council tax changed by £835k. The provision for irrecoverable business rates was changed by £27k.

### 6.1.3 Income from Business Rates

The Council collects non-domestic rates for its area, which are based on local rateable values multiplied by a uniform rate. During the year the rate with Small Business Relief was 49.9p (2023/24: 49.9p) and 54.62p (2023/24: 51.2p) with no relief. The total rateable value of properties for 2024/25 amounted to £177m (2023/24: £154m). The total amount, less certain reliefs and other deductions, is allocated amongst the Council, Hertfordshire County Council as a preceptor and DLUHC. The Council's share is paid into the General Fund.

## 6.2 Precepts and Demands

During the year the following authorities made precepts or demands on the Collection Fund of the Council.

Precepts, Demands and Shares	Business Rates	Council Tax	Total
	£'000	£'000	£'000
DLUHC	27,916	-	27,916
Hertsmere Borough Council	22,333	8,551	30,884
Hertfordshire County Council	5,583	69,325	74,908
Hertfordshire PCC	-	10,276	10,276
Aldenham Parish Council	-	694	694
Elstree & Borehamwood Town Council	-	664	664
Shenley Parish Council	-	97	97
South Mimms	-	24	24
	<b>55,832</b>	<b>89,631</b>	<b>145,463</b>

## 6.3 Council Tax

This tax is a property-based tax and assumes that two adults are resident in the property. Exemptions and discounts are available for example for single residents. A 100% levy is payable for properties empty for more than two years rising up to 300% for long-term empty.

Properties are placed into one of eight valuation bands. The base, upon which the council tax is calculated, is the total number of dwellings in each valuation band (after adjusting for discounted

dwellings) converted to an equivalent number of Band D dwellings (excluding dwellings where the householder receives support under the Council's own support scheme).

For 2024/25 the numbers as approved by full Council were as follows:

<b>Band</b>	<b>Valuation £</b>	<b>Number of dwellings equivalents (after applying discounts and premiums to calculate tax base) No.</b>	<b>Total number of band D equivalents (after allowance for council tax support) No.</b>
A	Up to 40,000	695	968.5
B	40,001 to 52,000	556.5	1,393
C	52,001 to 68,000	6,346.8	4,853
D	68,001 to 88,000	13,541.5	12,081.4
E	88,001 to 120,000	8,222.3	9,683.2
F	120,001 to 160,000	4,179	5,939.4
G	160,001 to 320,000	4,486.8	7,437.2
H	Over 320,000	1,141.8	2,279.4
Removal of Empty Property Discount			-
<b>Total number of equivalent band D dwellings</b>			<b>43,755.1</b>
Assumption of 98.0% collection			42,880
Number of equivalent band D contribution in lieu			298.6
<b>Total tax base</b>			<b>43,178.6</b>

## GROUP ACCOUNTS 2024-25

### Introduction

In order to provide a full picture of the economic and financial activities of the Council and its exposure to risk, the accounting statements of all material subsidiaries are consolidated with those of the Council. The resulting Group Accounts are presented in addition to the Council's single entity accounts.

They include the core accounting statements, similar in presentation and purpose to the Council's accounts, and any explanatory notes considered necessary to explain material movements from the single entity accounts.

Where no notes are given, users of the accounts should refer to the notes in the single entity accounts.

Group accounts have been prepared under the requirements of the Code of Practice on Local Authority Accounting 2024/25, consolidating any material subsidiary, associate or joint venture entities over which the Council exercises control or influence. Prior year comparative figures have been restated to reflect the inclusion of Hertsmere Developments Limited in the group accounts.

Group companies consolidated in these group accounts:-

- Elstree Film Studios Ltd (EFS), is a company formed in November 2003, since when the Council has owned 100% of shares purchased for a cash consideration of £1. Since August 2018 the arrangement with EFS consists of a 30 year lease with an annual rental, based on turnover, payable to the Council by the company for the use of the site. For 2024/25 this rental was £1.2 million.  
EFS provide film and television studio space and related production and back office units for hire within the media industry.
- Hertsmere Developments Limited (HDL) a wholly-owned local authority property development company (491,100 shares of £1 each). The principal activity of HDL is to explore property development opportunities and maximise its income stream. It was formed to assist the Council to deliver its regeneration, housing, financial and commercial objectives.

### Accounting Policies

Both subsidiaries have prepared their financial statements under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. These draft accounts are subject to sign off by their auditors BKL Audit LLP. The Council has reviewed the accounting policies applied by both subsidiaries and has concluded that there are no material adjustments required to align accounting policies. All entities have a year end of 31 March.

The subsidiary accounts have been consolidated with those of the Council on a line by line basis, and any balances and transactions between the parties have been eliminated in full. Both subsidiary's expenditure and income, adjusted for transactions with the Council, are included as discrete service lines in the Comprehensive Income and Expenditure Statement and Balance Sheet values are similarly incorporated into the relevant headings of the Balance Sheet, removing balances owed between the parties.

## Going Concern

The Elstree Film Studios financial statements have been prepared on the going concern basis, which assumes that the Company will continue to trade for the foreseeable future, being a period of at least twelve months from the date of approval of these financial statements, and will be able to meet its debts as they fall due. Much of the 2024/25 income was generated from already contracted major productions and new tenant licences.

As previously reported, in August 2022, during planned maintenance, asbestos was discovered in three stages and some ancillary buildings, which were immediately closed to allow clean up and remediation works to be undertaken. As at the 31 March 2025 the stages remained closed and this is reflected in the asset value accordingly.

The Council initially funded the clean-up and remediation works and agreed to provide financial support to EFS whilst these works are undertaken. The Council also agreed a working capital loan facility to EFS of up to £10m. The asbestos related works have since been completed and claims against EFS have also now been mostly settled. The apportionment of the total costs, which amounted to £20.215 million, were agreed to be apportioned between on a 60:40 basis by both the Council and the EFS Board on 1 October 2024. These accounts include a debtor for £8.086 million which represents the EFS share of the total costs.

Following settlement of significant claims against EFS which included the termination of the sublease for the affected stages, the Council also agreed not to continue the demolition and rebuild project and has instead agreed to undertake essential health and safety works to return these stages to use, albeit not as a multi camera studio as they had previously been configured. These stages were operational again during Q3 of 2025/26.

Due to the Council's ongoing support the directors are confident of the Company's ability to continue trading as a going concern for the foreseeable future.

## 7.1 Group Movement in Reserves Statement

Movements in Reserves during 2024/25	Council's Usable Reserves £'000	Subsidiary Usable Reserves £'000	Total Group Usable Reserves £'000	Council's Unusable Reserves £'000	Subsidiary Unusable Reserves £'000	Total Group Unusable Reserves £'000	Total Group Reserves £'000
<b>Balance at 1 April 2024</b>	<b>(53,848)</b>	<b>7,856</b>	<b>(45,993)</b>	<b>(174,502)</b>	<b>-</b>	<b>(174,502)</b>	<b>(220,495)</b>
Adjustments to opening Balances	330	330	330	(493)	-	(493)	(163)
<b>Adjusted Balance as at 1st April 2024 Bfwd</b>	<b>(53,848)</b>	<b>8,186</b>	<b>(45,663)</b>	<b>(174,995)</b>	<b>-</b>	<b>(174,995)</b>	<b>(220,558)</b>
Group (Surplus)/Deficit	(596)	1,045	449				449
Other Comprehensive Expenditure and Income	(596)	1,045	-	5,983		5,983	5,983
<b>Total Comprehensive Expenditure and Income</b>	<b>(596)</b>	<b>1,045</b>	<b>449</b>	<b>5,983</b>		<b>5,983</b>	<b>6,432</b>
Adjustments between Accounting Basis and Funding Basis under Regulations	6,782		6,782	(6,782)		(6,782)	-
<b>Increase / Decrease in Year 2024/25</b>	<b>6,186</b>	<b>1,045</b>	<b>7,231</b>	<b>(799)</b>		<b>(799)</b>	<b>6,432</b>
<b>Balance at 31 March 2025 carried forward</b>	<b>(47,662)</b>	<b>9,231</b>	<b>(38,433)</b>	<b>(175,794)</b>	<b>-</b>	<b>(175,794)</b>	<b>(214,227)</b>

## Prior Year Comparator

Movements in Reserves during 2023/24	Council's Usable Reserves £'000	Subsidiary Usable Reserves £'000	Total Group Usable Reserves £'000	Council's Unusable Reserves £'000	Subsidiary Unusable Reserves £'000	Total Group Unusable Reserves £'000	Total Group Reserves £'000
<b>Restated</b>							
<b>Balance at 1 April 2023 Brought Forward</b>	<b>(67,827)</b>	<b>8,328</b>	<b>(59,499)</b>	<b>(173,653)</b>	<b>-</b>	<b>(173,653)</b>	<b>(233,152)</b>
Adjustments to opening Balances	(1)	(1)	(1)	(797)		(797)	(798)
<b>Adjusted Balance as at 1st April 2024 Bfwd</b>	<b>(67,827)</b>	<b>8,328</b>	<b>(59,500)</b>	<b>(174,450)</b>	<b>-</b>	<b>(174,450)</b>	<b>(233,950)</b>
Group (Surplus)/Deficit	17,045	(472)	16,573				16,573
Other Comprehensive Expenditure and Income	(3,066)	(472)	-	(7,304)		(7,304)	(7,304)
<b>Total Comprehensive Expenditure and Income</b>	<b>17,045</b>	<b>(472)</b>	<b>16,573</b>	<b>(7,304)</b>		<b>(7,304)</b>	<b>9,269</b>
Adjustments between Accounting Basis and Funding Basis under Regulations	(3,066)		(3,066)	7,252		7,252	4,186
<b>(Increase)/Decrease in Year 2023/24</b>	<b>13,979</b>	<b>(472)</b>	<b>13,507</b>	<b>(52)</b>		<b>(52)</b>	<b>13,455</b>
<b>Balance at 31 March 2024 Carried Forward</b>	<b>(53,848)</b>	<b>7,856</b>	<b>(45,993)</b>	<b>(174,502)</b>	<b>-</b>	<b>(174,502)</b>	<b>(220,495)</b>



### 7.3 Group Balance Sheet

2023/24 £'000		2024/25 £'000
189,805	Property, Plant and Equipment	190,321
1,177	Heritage Assets	1,157
9,054	Investment Property	9,335
302	Intangible Assets	807
2,574	Long Term Investments	3,065
7,755	Long Term Debtors	10,843
<b>210,667</b>	<b>Long Term Assets</b>	<b>215,528</b>
20,449	Short-Term Investments	20,424
	Assets Held for Sale	101
1,938	Inventories	-
35,215	Short-Term Debtors	10,120
31,393	Cash and Cash Equivalents	36,775
<b>88,995</b>	<b>Current Assets</b>	<b>67,419</b>
(55,807)	Short-term Creditors	(38,816)
(8,196)	Short-term Provisions	(6,530)
<b>(64,003)</b>	<b>Current Liabilities</b>	<b>(45,346)</b>
(188)	Other liabilities	(75)
(7,252)	Liability related to Defined Benefit Pension Scheme	(15,836)
(7,724)	Grants Receipts in Advance - Capital	(7,464)
<b>(15,164)</b>	<b>Long Term Liabilities</b>	<b>(23,375)</b>
<b>220,495</b>	<b>Net Assets</b>	<b>214,227</b>
(45,993)	Usable Reserves	(38,433)
(174,502)	Unusable Reserves	(175,794)
<b>(220,495)</b>	<b>Total Reserves</b>	<b>(214,227)</b>

#### 7.4 Group Cash Flow Statement

2023/24 £'000		2024/25 £'000
16,573	Net (Surplus) or Deficit on the Provision of Services	621
(13,641)	Adjust to Surplus or Deficit on the Provision of Services for Non-Cash Movements	(21,935)
9,527	Adjust for Items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	6,533
<b>12,459</b>	<b>Net Cash flows from Operating Activities</b>	<b>(14,781)</b>
1,337	Investing Activities	21,061
(14,373)	Financing Activities	(11,662)
<b>(577)</b>	<b>Net (Increase) or Decrease in Cash and Cash Equivalents</b>	<b>(5,382)</b>
30,816	Cash and Cash Equivalents at the beginning of the Reporting Period	31,393
<b>31,393</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>36,775</b>



ANNUAL GOVERNANCE  
STATEMENT FOR THE  
FINANCIAL YEAR 2024/25

This Annual Governance Statement covers the 2024/25 financial year and up to the date of the approval of the audited accounts.

## **BACKGROUND**

1. The Accounts and Audit (England) Regulations 2015 require the Council to:
  - a) Ensure that it has a sound system of internal control (Regulation 3),
  - b) Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance (Regulation 5),
  - c) Conducts a review at least once a year of the effectiveness of its system of internal control (Regulation 6),
  - d) Prepare an annual governance statement (Regulation 6),
  - e) Consider the findings of the review (either at a committee meeting or at Council) and, following that consideration, approve an AGS prepared in accordance with proper practices (Regulation 6), and
  - f) Approve the annual governance statement in advance of approval of the statement of accounts (Regulation 6).
  
2. A local authority shall undertake a review of its system of internal control in accordance with best practice. Delivering Good Governance in Local Government: Framework (2016), published by CIPFA and SOLACE, recommends that the review be reported in an Annual Governance Statement.
  
3. The preparation and publication of an Annual Governance Statement in accordance with Delivering Good Governance in Local Government: Framework (2016) would fulfil the statutory requirements across the United Kingdom for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its Statement of Accounts. In England, the Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement must be “prepared in accordance with proper practices in relation to accounts”. Therefore, a local authority in England shall provide this statement in accordance with Delivering Good Governance in Local Government: Framework (2016) and the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
  
4. The Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (CIPFA / LASAAC) states that the preparation of an AGS fulfils the statutory requirement for a local authority to conduct a

review at least once in each financial year of the effectiveness of its system of internal control, and that Council's should include an AGS report on the review in its Statement of Accounts. It also states that:

- a) The statement shall relate to the governance system as it applied during the financial year for the accounts that it accompanies,
  - b) Significant events or developments relating to the governance system that occur between the reporting date and the date on which the Statement of Accounts is signed by the responsible financial officer shall also be reported, and
  - c) Where an authority is in a group relationship with other entities and undertakes significant activities through the group, the review of the effectiveness of the system of internal control shall include its group activities.
5. Governance arrangements in the public services are keenly observed and sometimes criticised. Significant governance failings attract huge attention – as they should – and one significant failing can taint a whole sector. Local government organisations are big business and are vitally important to taxpayers and service users. They need to ensure that they meet the highest standards, and that governance arrangements are not only sound but are seen to be sound.
6. The International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the 'International Framework') defines governance as "Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved."
7. The International Framework also states that "To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while always acting in the public interest. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders."
8. Local authorities are required to prepare an annual governance statement in order to report publicly on the extent to which they comply with their own local code of governance ('local code' essentially refers to the governance structure), which in turn is consistent with the good governance principles in the Framework 2016. This includes how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. The process of preparing the governance statement should itself add value to the effectiveness of the governance and internal control framework.

9. To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in the Framework 2016. It should therefore develop and maintain a local code of governance / governance arrangements reflecting the principles set out.
  
10. The seven core principles in the Framework 2016 are as follows:
  - a) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law,
  - b) Ensuring openness and comprehensive stakeholder engagement,
  - c) Defining outcomes in terms of sustainable economic, social, and environmental benefits,
  - d) Determining the interventions necessary to optimise the achievement of the intended outcomes,
  - e) Developing the entity's capacity, including the capability of its leadership and the individuals within it,
  - f) Managing risks and performance through robust internal control and strong public financial management, and
  - g) Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
  
11. The AGS should include the following information:
  - a) An acknowledgement of responsibility for ensuring that there is a sound system of governance (incorporating the system of internal control) and reference to the authority's code of governance,
  - b) Reference to and assessment of the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment, such as the authority, the executive, the audit committee, internal audit and others as appropriate,
  - c) An opinion on the level of assurance that the governance arrangements can provide and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework,
  - d) An agreed action plan showing actions taken, or proposed, to deal with significant governance issues,
  - e) Reference to how issues raised in the previous year's annual governance statement have been resolved, and
  - f) A Conclusion – a commitment to monitoring implementation as part of the next annual review.

## **SCOPE OF RESPONSIBILITY**

12. Hertsmere Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.
13. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
14. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
15. This Governance Statement explains how the Council has maintained sound governance during the financial year 2024/25 and also how the Council meets the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015.

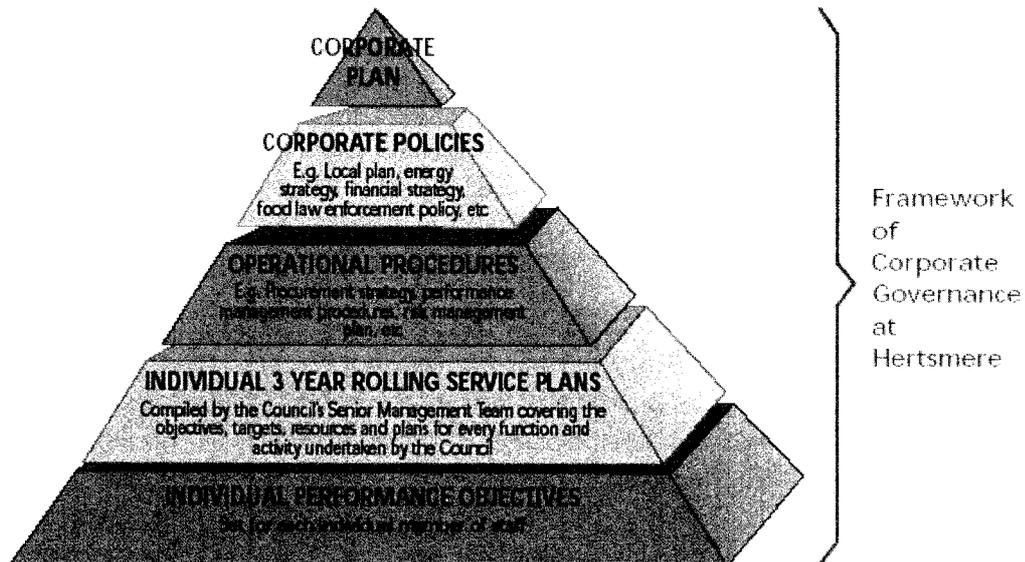
## **THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

16. The governance framework, which has been in place for the financial year 2024/25, comprises the systems and processes as well as the culture and values, by which the Council is directed and controlled and through which it accounts to, engages with and leads the community.
17. The governance framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.
18. The system of internal control is a significant part of this framework and is designed to manage risk to a reasonable level. However, it cannot eliminate all risk of failure to achieve policies, aims and objectives and, therefore, can only provide reasonable and not absolute assurance of effectiveness.
19. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of

those risks being realised and to manage them efficiently, effectively and economically.

**THE GOVERNANCE FRAMEWORK**

20. The diagram below shows how the Council’s plans and strategies link together. The model recognises the external influence of the Community Strategy as well as internal business planning processes:



21. The key elements of the systems and processes that comprise the Council’s governance arrangements, as per the CIPFA ‘Delivering good governance in local government: Framework – Addendum’ include the following:

**General**

22. The Council has adopted the Leader and Cabinet style of political management under the Local Government Act 2000 and has a comprehensive Constitution to govern its actions and decision-making.

23. The Constitution sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to the local community. Some of these procedures are required by law, whilst others are adopted by the Council. The Constitution is reviewed annually and is available on the Council’s website and intranet.

24. The Council has an approved Local Code of Governance which
  - a) Defines good governance,
  - b) Establishes and describes the seven principles of good governance in the 2016 Framework,
  - c) States its commitment to the principles of good governance,
  - d) Sets out the Council's governance structure and framework specifically in terms of the seven principles within the 2016 Framework.
  - e) Establishes the arrangements and timing for ensuring that it operates effectively in practice.
  
25. The Local Code of Governance is included as an Appendix to the Annual Governance Statement, which is available on the Council's website and intranet and should be read together with the AGS.
  
26. The Council acknowledges its responsibility for internal control, and for ensuring that its systems maintain the integrity of accounting records and safeguard its assets. These systems provide reasonable assurance as to the reliability of financial information and to maintain proper control over the income, expenditure, assets and liabilities of the Council. However, no system of internal control can provide absolute assurance against material misstatement or loss.
  
27. The Chief Officers' Board and the Senior Leadership Team are aware of the financial and other procedures and controls outlined in the Constitution, and the Chief Executive and each Head of Service is required to sign a declaration of compliance, in the form of a Service Assurance Statement, at the end of each year. This evidences, amongst other things, that their staff are aware of and consistently apply the requirements of the Constitution.
  
28. Elected Members as decision-makers have to declare conflicts of interest as and when they occur, as well as on an annual basis. All staff complete an Outside Commitments Form which for senior officers would include directorships. A Related Party Declaration is also completed by Members and senior officers.

**Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users / translating the vision into objectives for the authority and its partnerships**

29. The Council and its partner agencies in the Local Strategic Partnership (LSP) Hertsmere Together have a Sustainable Community Strategy

which is underpinned by the Council’s Corporate Plan. The Community Strategy was reviewed during 2022, and the revised strategy was launched at the LSP and adopted by the Council in September 2023.

30. The Community Strategy and Corporate Vision ensure that the Council’s strategic plans, priorities and targets are robustly developed in consultation with local communities and other key stakeholders. The Corporate Plan and associated Performance Management Framework were reviewed following the 2023 election. The high-level vision and priorities were agreed in April 2024 and are set out in the Hertsmere Vision 2024 – 27 below:

## Hertsmere Vision 2024-27

Delivering Better Futures



**Our Communities**

- Keep our communities safe
- Build a resilient community
- Celebrate our heritage and identities
- Promote creativity and the arts
- Keep our communities healthy and well
- Support a well-educated and skilled population

**Our Places**

- Protect the environment
- Accelerate towards net zero
- Secure the right growth in the right places
- Prioritise infrastructure to support development
- Grow an innovative and resilient local economy
- Support vibrant town centres

**Our Services**

- Deliver efficient and effective services
- Ensure value for money
- Embrace new ways of working

**Our Values**

- Respect
- Integrity
- Making a Difference

### Reviewing the Council’s vision and its implications for the Council’s governance arrangements

31. The Council’s vision, priorities and values were subject to review following the change in administration in May 2023 to better reflect the ambitions and priorities of the new administration. The updated high-level Hertsmere Vision 2024-27 – Delivering Better Futures is clearly structured with three priority areas: Our Communities, Our Places and Our Services and includes a set of corporate values, which were developed by a joint Member/Officer panel.

32. The updated Vision was agreed by Cabinet in April 2024 and was supported by a Corporate Plan for 2024/25 and an updated Performance Management Framework. The Corporate Plan is reviewed annually.
33. The Hertsmere Vision and Corporate Plan will always form part of the Council's governance arrangements as, together with the Community Strategy, they fully encompass Council and community priorities for the Borough and they are used to inform other key documents such as the Council's Medium-Term Financial Strategy.
34. The Council publishes an Annual Statement of Accounts, which show its activities, achievements, financial position and performance.

**Measuring the quality of services for users, for ensuring they are delivered in accordance with the Council's objectives and for ensuring that they represent the best use of resources**

35. The annual Corporate Plan provides the benchmarks for performance within the Council, and the Annual Report of Performance and Annual Statement of Accounts shows the achievements against the Plan. The Council allocates resources based on its priorities, as set out in the Plan as well as in other Policy Framework Documents.
36. The Council has made proper arrangements for monitoring and reporting performance through Chief Officer Board, the Executive Performance Management Panel and Cabinet and has sound systems to provide management and financial information. Where performance does not meet the planned levels, the Panel may refer the matter to the Scrutiny Committee for a more in-depth review.
37. The Council aims to provide high-quality services for everyone in the Hertsmere area and recognises the importance of customer feedback (i.e. Comments, Compliments or Complaints) through the approved Customer Feedback Procedure.
38. The Council aims to use its resources efficiently, effectively and economically – the Constitution provides specific guidance in this.
39. The Council has entered into a number of shared service initiatives, e.g. with Hertfordshire County Council, Broxbourne Borough Council,

Dacorum Borough Council, East Herts Council, North Herts District Council, Stevenage Borough Council, Three Rivers District Council, Watford Borough Council and Welwyn Hatfield Borough Council as well as the Hertfordshire Constabulary.

### **External review and challenge - Hertsmere LGA Corporate Peer Challenge**

40. The Council recognises the importance of external challenge and review for ongoing service and organisational improvement and therefore invited the Local Government Association (LGA) to carry out a whole council Corporate Peer Challenge (CPC). This review was part of the LGA's sector led improvement programme and involved a team of experienced senior local government Councillors and officers, providing robust, strategic and credible independent support and challenge across 5 main areas:
- Local priorities and outcomes
  - Organisational and place leadership
  - Governance and culture
  - Financial planning and management
  - Capacity for improvement
41. The onsite element of the CPC took place from the 7-10<sup>th</sup> October 2024 with six officer and member peers from similar authorities across the country. They held over 25 meetings and spoke to more than 130 partners, staff and Members in a mix of interviews and focus groups.
42. The Council received a full feedback report in January 2025. The report recognised the commitment from both officers and Members to make a difference in their local communities. They also thanked all that participated for their openness, which they saw as testimony to their collective commitment to the council.
43. The report made a number of recommendations, and the Council has produced an action plan in response to these. The report and action plan were considered by Cabinet and Council and are available on the website. The LGA will visit the Council in late 2025 to review progress against the recommendations made.

**Defining and documenting the roles and responsibilities of the Executive, non-Executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication**

44. The Council's Constitution sets out the roles and responsibilities of both Members and officers. It also commits the Council to provide clear leadership to the community. It aims to enhance the involvement of citizens in decision-making and make the decision-making process efficient, effective and transparent and those involved in it accountable.
45. There are regular meetings of the Council, the Cabinet, the Management Board and the Senior Leadership Team.
46. In addition, there are regular meetings of the following standing Committees:
  - Planning, Licensing, Operations Review, Policy Review, Shareholder & Investment, Personnel, Standards and Audit.

Each has a clear Terms of Reference covering the business they conduct.
47. There is a realistic level of delegation in place, which permits the Council's business to be conducted as effectively as possible.
48. Committee terms of reference and levels of delegation are kept under review to ensure that there is a clear demarcation of roles between the Council, Cabinet and various Committees, and between the Committees and officers. These boundaries are understood in order to manage reputational and uninsurable risks that are contrary to the best interests of the Council, and it is advisable to have regular training in respect of these roles.
49. The Council's Forward Plan and publication of minutes provides the Operations Review Committee and the Policy Review Committee with proposed and recently made executive decisions including key decisions, which are used to determine items for call-in or scrutiny.
50. In addition, the Council has created a list of policies and strategies, which identifies the responsible officer and when the policy is due for review. This document is used by Councillors wishing to raise items on the scrutiny agenda.

51. The Constitution includes roles and responsibilities of the three statutory officers, and the Chief Officers, as well as Proper Officer Functions. In addition, each Head of Service / Assistant Director has an up-to-date Scheme of Delegation which is reviewed annually. Roles and responsibilities of officers are further defined in the job descriptions for each post.
52. The Constitution also provides a Protocol for Member/Officer Relations and Codes of Conduct, which define the standard of behaviour that the Council requires of both Members and officers. These also ensure that Members and officers are not influenced by prejudice, bias or conflict of interest in their work.

**Developing, communicating and embedding Codes of Conduct, defining the standards of behaviour for Members and officers**

53. The Council's Constitution sets out:
  - a) Code of Conduct for Members:

The Council has adopted the LGA Model Code of Conduct for Councillors. This includes provisions on General Conduct, the Register of Members' Interests, (including Gifts and Hospitality) and the declaration of interests at Council, Cabinet and Committee meetings. Depending on the nature of the interest declared, the member may be required to leave the meeting room during consideration of the item of business that generated the declaration. Member declarations are also recorded in the minutes of the meeting. The entries in the Register of Members Interests are renewed annually and when Members are elected or re-elected. Members are regularly advised to keep their entries accurate and up to date. The Register is also subject to review by both Management and SIAS. In conjunction with officers, Members are also required to make an annual declaration of Related Party Transactions,
  - b) Local Code of Guidance for Members and Officers involved in Planning Matters:

This includes conduct of Members and officers, Procedures for Committees considering Planning Matters, Site Visits by Members and by the Planning Control Committee,

- c) Officers' Code of Conduct:  
This includes Duties, Disclosure of Information, Political Neutrality, Outside Commitments, Personal Interests, Interests of Officers in Contracts, Gifts and Hospitality and Related Party Declarations. Appointment and other employment matters, Use of Financial Resources and Disciplinary Rules. Officers are regularly reminded to record any offers of gifts and hospitality, and
  
  - d) Protocol on Member Officer Relations:  
This includes the Principle's underlying Member Officer Relations, the roles of Members and officers, the relationships between the Mayor and officers, the Leader and members of the Cabinet and officers, the Chairmen and Members of Committees and officers, Officer relationships with Party Groups, etc.
54. Copies of the Council's Constitution are available to all on the Council's website and at Council Offices (including the Members' Room), libraries and other appropriate locations.
55. In addition, Induction Training is provided to all newly elected Members and new employees and the Council has been awarded the Elected Members' Development Charter. In a digital world, there is also an emphasis on responsible use of social media.

**Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls to manage risks**

56. The Constitution and the decision-making structures (both Members and officers) are regularly reviewed to ensure that they are up-to-date, relevant, in line with good practice and fit for purpose. In the period covered by this Statement, the work of the Constitution and Member Development Party included further updates to the Council's Constitution which were approved by the Council on 22 January 2025.
57. The Constitution sets out the Council's Policy Framework which includes the following plans and policies at Article 4:

- Community Strategy,
- Corporate Plan,
- Community Safety Partnership Plan,
- Economic Development Strategy,
- Financial Strategy including the Efficiency Plan,
- Gambling Policy,
- Homelessness and Rough Sleeping Strategy,
- Local Development Documents which include the Local Development Framework; the Local Plan Core Strategy and Site Allocation and Development Management Development Plan Document,
- Risk Management Strategy,
- The Local Code of Governance,
- Treasury Management Strategy,
- People Strategy.

58. The Council has an approved Risk Management Strategy, which sets out:

- the key features of its risk management system,
- roles and responsibilities with regard to risk management,
- its overall approach to the management of risk,
- actions to embed the process in future periods.

59. The Council's Risk Register is recorded on Ideagen (formerly Pentana) the Council's Performance and Risk management software. This includes both Strategic and Operational risks. The Risk Management Strategy provides an introduction to the risk management framework, definitions and how to identify assess and manage risks. The use of a risk matrix enables the assessment level of the risks to be readily identified.

#### **Undertaking the core functions of an Audit Committee**

60. The Audit Committee has a Terms of Reference, which is included in the Council's Constitution and is regularly reviewed to ensure compliance with recognised best practice - the CIPFA publication "Audit Committees – Practical Guidance for Local Authorities and Police". Responsibilities arising from the Bribery Act were added. The Audit Committee is the nominated body responsible for the scrutiny of the Treasury Management function and receives a minimum of three reports per annum in accordance with the Treasury Management Code of Practice. The Council also determined in financial year 2024/25 to

appoint an Independent Member to the Audit Committee and on 26 February 2025 the Council approved the appointment of Mr Tom Macartney to the Audit Committee for a term of four years.

61. The Audit Committee may require any officer to attend meetings of the Committee, so it may receive explanations regarding any matter that it is considering.
62. At the beginning of each financial year, the Committee establishes a Work Program and at each Committee, it receives reports from officers setting out performance against listed items.
63. The Audit Committee Chair presents a report on the work of the Committee to the Full Council.

**Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful**

64. The Council has a full range of relevant policies and procedures and places emphasis on compliance with these, as well as with the law and other external regulations. Compliance is achieved through the following mechanisms:

**Members:**

Code of Conduct, Role Descriptions, Training and Development and Declarations of Interests and Declarations of Related Party Transactions.

**Employees:**

Code of Conduct, Job / Person Specification, Performance Management, Team Meetings and Training & Development and Declarations of Outside Interests.

**Other:**

- a) The Constitution and other policies and procedures are available on the Council's website, intranet and as hard copy,
- b) Officers prepare timely reports to all of the Council's decision-making bodies (including the Cabinet, the Audit Committee and the

Chief Officers' Board) on statutory requirements and proposals regarding their implementation,

- c) Standard report formats require officers to consider the implications of Corporate Policy, Finance, Health and Safety, Legal, Asset Management, Personnel and Risk Management and Equalities,
- d) The Corporate Governance Group meets quarterly to review policy and track changes in legislation,
- e) The work of the Council's external auditors, who report to Members, officers and the Council's stakeholders if they have been required to issue a report in the public interest or exercise any other special powers of the auditor under the Local Audit and Accountability Act 2014, including applying to the court for a declaration that an item of account is contrary to law.

**Whistle-blowing and receiving and investigating complaints from the public**

- 65. The Council's Whistle-blowing Policy was reviewed and updated by the Standards Committee on 14 August 2024 to ensure that staff can continue to raise concerns in confidence and without fear of retribution in relation to actual or perceived unlawful conduct, financial malpractice or dangers to the public and the environment. The policy is available on the Council's Website and Intranet and covers malpractice or wrongdoing by:
  - a) Any Member of the Council,
  - b) Any employee of the Council,
  - c) Any contractor, supplier, consultant or partner of the Council in the course of their work for the Council.

- 66. The Council aims to provide high-quality services for everyone in the Hertsmere area and recognises the importance of customer feedback (i.e. Comments, Compliments or Complaints). The Council has approved a Customer Feedback Procedure, which is available both in leaflet form in the Civic Offices' Reception and in the Area Offices as well as on the website.

**Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by the appropriate training**

- 67. On taking up office, all Members are required to attend a comprehensive Members' Induction Course. The Constitution states that the Council's Standards Committee is responsible for "advising,

training or arranging to train Councillors and co-opted Members on matters relating to the Members' Code of Conduct".

68. The Constitution also states that "All Members appointed to the Planning Committee (and all other Members who may from time to time consider a planning application) must receive training in planning procedures. Induction training in planning procedures shall be provided to all Members, either before serving on the Committee or within two months of appointment."
69. The Council has also identified the need to provide role descriptions and training to Members nominated or appointed by the Council to the Boards of Management of Council owned companies and dedicated training had been delivered by the Institute of Directors to the Member and officers who currently act as non-executive directors or company secretaries to Elstree Film Studio Limited, Hertsmere Developments Limited and Hertsmere Living Limited.
70. Senior officers' training needs are identified (and regularly monitored) as part of the Council's Performance Management Policy and Mandatory Training Policy. Corporate Training and various professional development courses, seminars and conferences, have been delivered to senior managers.

**Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation**

71. As part of Hertsmere Borough Council's commitment to more actively engage with its residents, the Council has procured the online Community Engagement Platform, Zencity. Zencity has three main components: Organic: which monitors and analysis sentiment across social media; Engage: which provides a platform and vehicle for engagement through surveys, suggestion boards and discussions; and Community Survey: a twice yearly temperature check of residents' perceptions about the local area, the council and its services. The platform has led to an increased number of engagements with the public around a variety of services and provides full analysis of the results. The results provided through the platform are shared with service areas, Senior Leaders and the community as appropriate, and have been used to improve service delivery.
72. The Council's official magazine "Hertsmere News" is published three times a year and delivered throughout the Borough and is also published on the website.

73. The Council's upgraded website has provision for residents and interested parties to register to receive e-alerts on topics which are of interest of them or for all council alerts. In addition, the Council has an active presence on social media platforms, including Facebook, Instagram, Twitter, Youtube and TikToK.
74. Residents and property / business owners in the Borough are able to submit relevant questions in writing for consideration and response at Council meetings.
75. There is a facility for the Council to receive petitions should a group of residents feel strongly about an issue that relates to or affects the Council's functions or the Council has an interest in or involvement with.
76. Some Committee meetings of the Council, including the Executive and Planning Committee are webcast.
77. Members of the public (by prior arrangement only) are also able to speak at a Planning Committee on any application being considered at that meeting.
78. The Council is subject to the requirements of the Freedom of Information Act 2003 and the Local Government Transparency Code 2014, the approaches of which are to provide demand-led, open, honest, timely and transparent information to all stakeholders without compromising confidentiality.
79. The Council has established clear channels of communication with its staff, e.g. briefings from the Chief Executive, regular Directorate meetings and weekly 'All Staff' e-mails and a regular Hertsmere in Focus publication for staff and Councillors.

**Compliance with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016)**

80. The Council can confirm that its financial management arrangements conform to the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government.

**Incorporating good governance arrangements in respect of partnerships and other joint working and reflecting these in the Council's overall governance arrangements**

81. The Council is committed to improving and supporting collaborative working of all kinds, although the wide range of partnership models do make it very difficult to prescribe a single set of arrangements. However, partnership working should not result in diminished accountability to the public.
82. There is a Partnership Governance Framework in place for significant partnership and the register of such partnerships and shared services is reviewed on an annual basis by the Governance Group and by the Policy Review Committee. For the organisations which the council supports through core funding there are individual Service Level / Partnership Agreements in place and there are regular meetings with partners to monitor the performance of the work carried out by the organisation / partnership. All Service Level / Partnership Agreements are subject to an annual review with a full review carried out every five years ahead of any renewal of agreements.
83. The Local Strategic Partnership is the forum for all of the Council's key partners – meetings are chaired by the Leader and are supported by the Chief Executive and senior managers.

**REVIEW OF EFFECTIVENESS**

84. The Council has the responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.
85. This review is informed by those Members and officers, who have the responsibility for the development and maintenance of the governance environment, including:
  - a) The work of Members at Council, Cabinet, Policy Review Committee, Operations Review Committee, Audit Committee, Standards Committee and the Financial Monitoring Panel,
  - b) The work of the Corporate Governance Group,
  - c) The annual Service Assurance Statements prepared by the Directors and Heads of Service relating to internal controls, performance and risk management within their areas of activity,
  - d) The Head of SIAS's Annual Assurance Statement and Annual Report as well as the individual audit reports, and
  - e) Reports made by the Council's External Auditors and any other review agencies and inspectorates.

## **Reviewing the effectiveness of the authority’s decision-making framework**

### The Council

86. The full Council comprises 39 Members, who as a collective, approve the Council’s annual Revenue and Capital Budgets, set the Council Tax, approve the Policy Framework and take decisions that are contrary to, or not in accordance with, the Budget or the Policy Framework. Full Council also takes a range of decisions that are reserved to it such as approving the Council’s Constitution, electing or removing a Cabinet Leader (in Hertsmere called the Leader of the Council), establishing a number of committees to discharge the Council’s regulatory, scrutiny and non- executive functions, approving an Officers’ Scheme of Delegations, making by-laws and making a Scheme of Allowances for Members.
87. At the Annual Meeting in May 2024 the Council elected a Mayor, appointed a Deputy Mayor and appointed Members to the standing Committees in accordance with the requirements of political balance and appointed a number of Members to represent the Council on a range of outside bodies for the coming municipal year. The Leader of the Council (who had been elected for four years at the Annual Meeting in 2023) also notified the Council of his appointments to the following Cabinet roles:-
- Portfolio-holder for Environmental Sustainability, Net Zero & Public Health (Deputy Leader);
  - Portfolio-holder for Communities, Neighbourhoods, Enforcement & Economic Development and Transformation;
  - Portfolio-holder for Housing and Housing Development;
  - Portfolio-holder for Planning, Infrastructure and Transport;
  - Portfolio-holder for Finance and Budget;
  - Portfolio-holder for Resources, IT and Digital Transformation; and
  - Portfolio-holder for Street Scene, Parks, Leisure & Culture.
88. The Council met eleven times during the 2024/25 financial years comprising of an annual meeting, a Budget and Council Tax setting meeting, six other ordinary meetings and three extraordinary meetings. The Agendas, Open Reports and Minutes of these meetings are permanently available on the Council’s website.

### The Cabinet

89. The Cabinet comprises the Leader of the Council and seven other Members appointed by him, one of whom is also appointed as Deputy Leader. The Cabinet is responsible for developing the annual budget, for the development and implementation of Council policy, for the delivery of the Council's corporate plan priorities, for ensuring that the officers' team have sufficient resources to effectively discharge all the Council's statutory and discretionary functions and for setting and monitoring service standards and service delivery performance indicators.
90. Each Member of the Cabinet has responsibility for a range of Council functions, known as a portfolio and each portfolio-holder is required to work closely with Directors and Heads of Service and develop an in-depth knowledge of their portfolio area.
91. The dates of all Cabinet meetings are pre-published and all executive decisions have been taken in public apart from a small number of reports which were considered and determined after the press and public has been lawfully excluded (for example, to protect personal or commercially sensitive information or to receive confidential legal advice). Agendas, open reports and the minutes of the meetings are available on the Council's website and all background documents can be inspected by the public for six years after the date of the decision.
92. The Cabinet are unable to take key decision that have not been published in the Forward Plan unless the general exception or urgency procedures are followed and officers are unable to implement key decisions until the five day 'call-in' period has elapsed – except for those decisions taken under urgency procedures.
93. The Cabinet met thirteen times during the 2024/25 financial year. The Agendas, Open Reports and Minutes of these meetings are permanently available on the Council's website.

### The Review Committees

94. At the Annual Meeting in 2024, Council appointed two Review Committees. These were the Policy Review Committee and the Operations Review Committee whose role is to undertake policy development and review work, scrutinise the decisions and performance of the Cabinet and the Council as a whole and call-in unimplemented executive decisions for re-consideration. Both Committees have the power to require executive member and officers to appear before them to give account and have extensive rights of access to Council records and information to enable them to effectively discharge their functions. It

is important to maintain the clear demarcation between the conduct of executive functions and the scrutiny of executive decisions as part of democratic accountability.

95. The Policy Review Committee is the 'lead' scrutiny committee and has responsibility for keeping the Council's strategies and plans under review, for reviewing the draft budget and financial performance of the Council and for overseeing the enterprise and regeneration agenda of the Council. It met eight times during 2024/25 and its work plan included the receipt of presentations from Cabinet Portfolio-holders and reviews of the Council's Parking Management Strategy, Green Bin Policy and Food Waste Collection, Contract Procedure Rules, Community Infrastructure Levy Spending Procedure and Complaints Procedure. The Committee also received an update report on the LGA Corporate Peer Challenge Action Plan as well as hosting a joint meeting with the Operations Review Committee to receive the Cabinet's consultation on the draft capital and revenue budgets for 2025/26.
96. The Operations Review Committee has responsibility for reviewing all aspects of the Council's operational business and met seven times in 2024/25. It set and monitored its own work program, which included regular Financial and Performance Monitoring, the consideration of the annual reports in relation to partnership monitoring, complaints handling, data breaches, Elstree Film Studios Limited and the Leisure Contract. The Committee also agreed terms of reference for and appointed Members to the Service/Unadopted Roads Task and Finish Group and received and considered reports in relation to Grants to the Voluntary Sector, Agency Staff Spending, External Partnerships, the Community Enforcement Service and the Hertfordshire County Council Services for Young People. The Committee also received and considered the annual monitoring report in relation to the collection of Community Infrastructure Levy funds, the enforcement of obligations in Section 106 Agreements and the outcome of Planning Appeals.
97. If a Councillor refused to attend a review meeting after first being required to attend, it would be dealt with as a potential breach of the Members Code of Conduct for bringing his or her office into disrepute. An officer in the same position would be dealt with under the Disciplinary Policy.
98. Hertsmere Shareholder & Investment Committee

At the Annual Meeting in 2024 the Council appointed the Hertsmere Shareholder & Investment Committee (HSIC) whose role is to secure the efficient and effective discharge of the Council's functions as a

shareholder and investor in all Council wholly or jointly owned trading companies, including Elstree Film Studios Limited (EFS), Hertsmere Developments Limited (HDL) and Hertsmere Living Limited (HLL) or any other trading company or holding company of a trading company in which the Council is a shareholder and/or an investor and to make recommendations to the Cabinet and the Council thereon. The HSIC met five times in 2024/25 and received regular updates from HDL, EFS and HLL as well as scrutinising reports from HDL requesting loan funding from the Council prior to consideration by the Cabinet.

### Member Panels

99. There are a number of cross-party Member Panels to scrutinise the various areas of Council activity including the Asset Management Panel, Financial Monitoring Panel, Grants Panel, Leisure Contract Panel, Members Planning Panel, Community Infrastructure Levy Investment Panel, Performance Management Panel, Climate Emergency Panel, Hertsmere Growth Panel and Grounds Maintenance Contract Member Oversight Panel.

### The Standards Committee

100. The Standards Committee comprises five Borough Councillors, supported by two Independent Persons. Mr. Geoff Corre was re-appointed by the Council as an Independent Person on 22 February 2025 and was joined by Mr. Patrick Hodson as the second Independent Person. Both appointments were for a term of four years.

The Standards Committee met twice during 2024/25 to receive an update report on complaints against elected and co-opted Members of Hertsmere Borough Council and/or the Town and Parish Councils established in the Borough of Hertsmere, to approve the Member Planning Code 2024 and approve a refresh of the Whistleblowing Policy. The Standards Assessment Panel, which considers whether a complaint against an elected or co-opted Member warrants investigation or other action, met on three occasions to consider complaints from members of the public against four Members of Hertsmere Borough Council, three Members of Shenley Parish Council and two Members of Aldenham Parish Council. The Panel resolved to investigate one complaint, accepted written apologies from two other Members and resolved to take 'No Further Action' in relation to the remaining six complaints.

Members’ and Officers’ Allowances and Expenses

101. Member Allowances increased by 4% in 2024/25 due to the link recommended by the Independent Remuneration Panel to the annual pay award given to the majority of Council officers. The actual allowances and expenses received by Members in 2024/25, including those received by Members appointed by the Council as directors of Council owned and controlled companies, will be reported to full Council in July 2025 and thereafter published on the Council’s website.
102. Allowances are stipulated by individual employment contracts, whereby the Human Resources Team instructs the Payroll Team as to the payment to be made.

Officers’ Expenses are authorised for payment by employees’ line managers and reimbursed via payroll. Senior officer pay is disclosed in the Statement of Accounts and the Pay Policy Statement. These are also published on the Council’s website.

103. Both Members’ and officers’ Allowances and Expenses are subject to periodic review by the SIAS to ensure that the internal controls in operation are both adequate and effective.

Senior Management

104. There are three Council officers who are statutory appointments - the Chief Executive is the Head of Paid Service, the Assistant Director - Finance is the Chief Finance/Section 151 Officer and the Assistant Director - Legal and Democratic Services is the Monitoring Officer.
105. The Chief Officers’ Board (Chief Executive and Deputy Chief Executive – Service Delivery), together with the Assistant Director – Policy & Partnerships, Assistant Director – Finance, Assistant Director – Legal & Democratic Services, Assistant Director – Street Scene, Head of HR, Head of Planning, Economic Development and Climate Change, Head of Asset Management and Engineering Services, Head of Environmental Health, Licensing and Resilience, Head of Strategic Housing and Housing Services, Head of Customer Experience, Digital Transformation and IDS comprise the Senior Management Team, which met formally on a monthly basis during 2024/25 with additional informal meetings as required. The SIAS Client Audit Manager also attends Senior Leadership Team.

106. Each member of the Senior Leadership Team has completed and signed off a personal Service Assurance Statement. These statements have been designed to require each officer to certify the effective operation of the control environment in their service area – including arrangements for performance management and risk management. As a consequence, these Statements are key supporting documents in identifying any significant governance issues.

#### Corporate Governance Group

107. The Corporate Governance Group is chaired by the Chief Executive in her capacity as the Council's Head of Corporate Governance.
108. The Group met four times during the financial year and received reports and updates covering Ethics and Standards, New Legislation, Officer and Member Issues, Internal Control, Internal Audit, Counter-fraud and Corruption, Health and Safety, Partnerships and Performance Management and Risk Management and other current governance matters.

#### Performance Management

109. The Performance Management Framework remains a key link between the Hertsmere Vision, Community Strategy, the Corporate Plan, Service Plans and individual Key Result Areas – “the golden thread”.
110. Local Performance Indicators have been regularly collected, analysed and risk managed alongside the Corporate Plan and reported to Members and senior management – the process is facilitated by a software package, Pentana.
111. A Cabinet-led Performance Management Panel, which comprises key Members and Senior officers, has met on a quarterly basis to consider selected key performance indicators and the delivery of the Corporate Annual Action Plan where the performance is deteriorating or below target, the Panel may refer the matter to Scrutiny. The quarterly performance report has also been presented to Cabinet on a quarterly basis.
112. The Financial Monitoring Panel has met on a monthly basis, since the end of quarter 1, to scrutinise the Council's financial performance (April through to March). The financial performance is scrutinised in detail by the Panel who receive reports on the revenue budget monthly and on the capital budget, treasury management and debt management quarterly. The quarterly monitoring reports are also reported to the Operations Review Committee.

Procurement

- 113. The Council aims to use its resources efficiently, effectively and economically.
- 114. The Council has a robust set of documentation to provide guidance and advice to Members and officers to ensure that Procurement is carried out in an effective and ethical manner. This documentation includes the Procurement Strategy, Contract Procedure Rules and the Procurement Handbook. These documents are regularly reviewed to reflect changes in local requirements, legislation and general good practice such as the Procurement Act 2023. The Procurement Strategy 2025 to 2028 and the Contract Procedures Rules were approved by the Council in February 2025.
- 115. To ensure compliance with these rules, an expenditure report is run on a regular basis and mapped against the contract list. An exception list is then produced and, where possible, non-compliance is highlighted. Officers are then required to provide an explanation of this non-compliance and then put into place an action plan to address this.
- 116. The Council has a full e-tendering package that provides a secure and auditable method of issuing and receiving tenders.

**Undertaking the core functions of an audit committee, as identified in the CIPFA’s ‘Audit Committees: Practical Guidance for Local Authorities**

The Audit Committee

- 117. The Audit Committee’s Terms of Reference have been kept under regular review to ensure that its role complies with those prescribed by the CIPFA publication “Audit Committees – Practical Guidance for Local Authorities”.
- 118. The Audit Committee has comprised five non-Executive Members (as required) and met five times during the financial year. This included an extraordinary meeting in February 2025 to approve the final 2023/24 Statement of Accounts and receive the Auditors report ahead of the 2023/24 backstop date of 28 February 2025. In February 2025 the Council approved the appointment of an Independent Member to also join the committee membership and they formally joined the March meeting of the Committee. Agendas, Open Reports and Minutes are available on the Council’s website.

119. It substantially completed its Planned Work Programme, regularly receiving reports from:
- The Council's External Auditors – Progress Reports, Annual Governance Report, Annual Audit Letter, Audit Plan and Certification Report on Claims and Returns,
  - The Shared Anti-Fraud Service – Progress Reports and Annual Report,
  - The SIAS Team – Progress Reports, Draft Annual Governance Statement, Annual Assurance Statement and Annual Report, and Annual Audit Plan,
  - The Risk Manager – Progress Reports,
  - The Head of Finance and Business Services – Accounting Policies, Statement of Accounts, Treasury Management.

### **Ensuring the authority's assurance arrangements conform with governance requirements**

#### Internal Audit

120. Internal Audit is an assurance function that provides an independent and objective opinion to the Council on its control environment – this comprises the systems of governance, internal control and risk management – by evaluating its effectiveness in achieving the organisation's objectives.
121. The Council joined six other districts / boroughs (East Herts Council, North Herts DC, Stevenage BC, Welwyn Hatfield BC, Watford BC and Three Rivers DC) and Hertfordshire County Council in 2011/12 to deliver a shared internal audit service to provide efficiency and resilience.
122. The SIAS Team has undertaken a work programme during the financial year, which was approved by the Audit Committee, and has operated in accordance with the Public Sector Internal Audit Standards (PSIAS).
123. In line with the PSIAS, an Annual Assurance Statement and Internal Audit Annual Report is presented to the Audit Committee which:
- a) includes an opinion on the overall adequacy and effectiveness of the Council's internal control environment,
  - b) discloses any qualifications to that opinion, together with any reasons for the qualification, and

- c) draws attention to any issues which are judged particularly relevant to the preparation of the Annual Governance Statement.
124. The SIAS Annual Assurance Statement and Internal Audit Annual Report is a key source document for the Council's Annual Governance Statement. For 2024/25 this report includes the following statements:
- A reasonable assurance opinion is given on the adequacy and effectiveness of both financial systems and non-financial systems in the internal control environment. There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited. There are no qualifications to this assurance.
  - SIAS has concluded that the corporate governance and risk management frameworks substantially comply with the CIPFA/SOLACE best practice guidance on corporate governance. This conclusion is based on the work undertaken by the Council and reported in its Annual Governance Statement. Although no specific audit of Risk Management was carried out by SIAS during the year, these arrangements are considered during annual audit planning and delivery of all individual audit assignments.
125. Individual SIAS Reports also state whether or not there are any implications for the Annual Governance Statement. All 2024/25 final reports issued have stated that there are no implications for the Annual Governance Statement.
126. All recommendations made by the SIAS Team to strengthen the internal control environment and agreed by management are kept under review by the Audit Committee, Corporate Governance Group and Chief Officers Board to ensure that they are implemented in a timely manner.

#### The Council's External Auditors

127. Following the abolition of the Audit Commission in March 2015, the Secretary of State for Communities and Local Government delegated statutory functions to Public Sector Audit Appointments Limited (PSAA), initially on a transitional basis, to make auditor appointments to local government, police and local NHS bodies under the Local Audit and Accountability Act 2014 until 2018/19. These temporary arrangements have since been made permanent and Hertsmere, along with around 98% of eligible Public Bodies have opted into the PSAA's national collective scheme.

128. On 17 August 2017 the PSAA confirmed the appointment of Ernst & Young LLP (EY) as Hertsmere's external auditors for five years from 2018/19 to 2022/23.
129. Delays in public sector audit have been widely publicised and have impacted on a large majority of local authorities including Hertsmere. These delays are due to a combination of issues including additional audit requirements as a result of changes to accounting standards, sector wide resourcing difficulties and the impact of the Covid-19 pandemic and these delays were the subject of a review by the Financial Standards Agency and following a consultation, legislation was laid before Parliament to manage these delays which included a dead-stop date for all outstanding audits up to 2022/23 to be signed off by no later than 13 December 2024 and for 2023/24 audits to be signed off by 28 February 2025. This legislation enabled some audits to be signed off under certificate without a full audit having been carried out, albeit the Value for Money audit was still required.
130. Having reported the latest position on their audit of the 2021/22 Statement of Accounts to the Audit Committee in March 2024, EY did issue their unqualified opinion in July 2024. In September 2024, the revised 2022/23 Statement of Accounts were presented to the Audit Committee for approval, subject to the final statements being agreed by the Chief Finance Officer and the Chair of the Audit Committee under delegated authority, by the backstop date of 13 December 2024. EY subsequently issued their disclaimed audit opinion on the 13 December 2024 and later presented their Completion Report for Those Charged with Governance to the Audit Committee in January 2025.
131. Hertsmere again opted into the PSAA's national collective scheme in 2022 and following a national procurement exercise we were advised on 19 December 2022 that KPMG had been appointed as the Council's External Auditors for the period 2023/24 to 2027/28. KPMG presented their 2023/24 Audit Plan to the Audit Committee in March 2024, albeit this was dependent on the completion of the 2021/22 and 2022/23 audits by EY.
132. KPMG carried out their audit work on the 2023/24 Statement of Accounts during 2024/25 and the final 2023/24 Statement of Accounts was presented to the Audit Committee at the extraordinary meeting on 25 February 2025. KPMG issued their disclaimed audit opinion on 28 February 2025, the back-stop date.
133. The PSAA scheme does not include provision for the audit of the Housing Benefit Subsidy claim and Local Authorities are responsible for their own appointment in this respect. In September 2017, it was

recommended to the Audit Committee that Hertsmere also appoint Ernst & Young LLP to undertake this subsidy work along-side their other audit work due in the main to the efficiencies of appointing a single auditor. The Audit Committee considered, agreed and recommended their appointment by the Full Council. During 2023/24 Ernst & Young concluded the 2020/21 Housing Benefit Subsidy claim but due to resource issues were unable to undertake the audits for the 2021/22 and 2022/23 claims. Similar to EY, KPMG were appointed as Hertsmere’s accountants for the 2023/24 Housing Benefit Subsidy claim and have subsequently agreed to also audit the claims for 2021/22 and 2022/23 and these audits are currently in progress. KPMG will also undertake the 2024/25 HB Subsidy Audit

**Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained**

Anti-Fraud and Anti-Corruption

- 134. During 2014/15, the Council joined four other districts / boroughs (East Herts Council, North Herts DC, Stevenage BC and Broxbourne BC) and Hertfordshire County Council to form the Shared Anti-Fraud Service (SAFS), offering an exclusive strategic fraud prevention and investigation service to its partners across Hertfordshire. Since 2015 the partnership has been strengthened with Luton Council and Welwyn Hatfield Council also joining. The SAFS officially commenced work with the Council on 1 April 2015.
- 135. The service provides a full range of fraud risk assessments, fraud awareness training, the use of highly developed investigation skills, data-matching opportunities and partnership working with law enforcement agencies. This allows for the investigation of any fraud and corruption, bribery or money laundering matters (internal or external) that the Council becomes aware of and, the comprehensive reporting of all fraud deterrence, prevention and investigation activity undertaken by the SAFS and the Council.
- 136. The Council has in place a suite of anti-fraud and corruption policies that includes the latest best practice from CIPFA, LGA and the Fighting Fraud and Corruption Locally Board. These policies are reviewed annually.
- 137. SAFS is part of national network for organisations, including CIFAS / London Fraud Forum / London Borough Fraud Investigators Group / National Anti-Fraud Network / Fraud Advisory Panel, these provide horizon scanning and alerts of new and emerging fraud threats.

138. The aims of the Shared Anti-Fraud Service are as follows:
- Ensure ongoing effectiveness and resilience of Partner anti-fraud arrangements,
  - Deliver financial benefits in terms of cost savings or increased revenue to Partners,
  - Develop the current Data-Hub into a *FraudHub* working in partnership with the Cabinet Office and others,
  - Improve the reach into new areas of fraud risk across all partner services, with a focus on Adult Care, Procurement and emerging areas of high risk,
  - Develop services which can be marketed to 3<sup>rd</sup> Parties or shared for mutual benefit,
  - Continue to develop SAFS as a recognised centre of excellence regionally and nationally.
139. The Audit Committee reviews the comprehensive Anti-Fraud Action Plan each year which is agreed by SAFS and senior managers. This is based on CIPFA / DLUHC / NAO Good Practice and progress against this is reported to Audit Committee three times each year. The Committee also reviews the Anti-Fraud and Corruption Strategy and Anti-Money Laundering Policy.

**Review of effectiveness of the framework for identifying and managing risks and demonstrating clear accountability**

Risk Management

140. Responsibility and accountability for Risk Management is placed with the Heads of Service and on-going training and support is provided to assist them in this role. Risk Management support was provided by Hertfordshire County Council. In 2024/25, the Audit Committee received in-depth reports on three of the Council's Strategic risks. The Risk Owners were present to respond to any queries from Members on the management of the risk.
141. Regular reporting to the Audit Committee on the Council's strategic risks is in place. The Council's risks are recorded on Ideagen, the Council's performance and risk management software, so there is one central record of the Council's risks.

## **SIGNIFICANT GOVERNANCE ISSUES**

142. In reviewing and approving the AGS, officers and Members require assurances on the effectiveness of the governance framework and how this addresses the key risks faced by the Council, taking account of changing risks and circumstances.
143. Management from across the Council have provided the primary source of assurance – this is evidenced by Heads of Service (including statutory officers) producing a signed Service Assurance Statement. This certifies the effective operation of the control environment in their Directorate and Service Areas, including arrangements for:
- a) Internal controls,
  - b) Governance,
  - c) Financial and Non-Financial Performance, and
  - d) Risk Management.

The output from these Service Assurance Statements is subject to moderation by Chief Officers.

144. Weaknesses or gaps in control identified were given consideration as to whether they constituted a significant governance issue, and thus whether they should be included in the AGS Action Plan. Significant governance issues should fulfil at least one of the following criteria:
- a) It has seriously prejudiced or prevented the achievement of a principal corporate or service priority or objective of the authority,
  - b) It has resulted in the need to seek additional funding to allow it to be resolved, or has resulted in a significant diversion of resources from other areas,
  - c) It has led to a material adverse impact on the accounts,
  - d) The Audit Committee has advised that it should be considered significant,
  - e) The Head of Internal Audit has reported the matter as significant in the annual opinion on the internal control environment,
  - f) The Head of Partnerships and Community Engagement has reported the matter as significant in relation to the Performance Management Framework,
  - g) The issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation, and
  - h) The issue has resulted in formal action being undertaken by the S151 Officer and/or the Monitoring Officer.

145. Another significant source of assurance and source of identification of significant governance issues is the work of the Internal Audit Team – this is evidenced by the production of the Annual Assurance Statement and Internal Audit Report.
146. Further assurances are available from a wide range of external sources including corporate assessments and direction of travel statements, peer reviews, inspections and the Council's External Auditors – through the annual audit of the accounts.
147. Corporate Governance Group and Chief Officers Board, both of which are chaired by the Chief Executive (i.e. the Head of Governance), has reviewed the assurances and significant governance issues, as well as the Constitutional review, performance reporting, risk management arrangements and the individual audit and risk management assessments.
148. Prior to the approval of the AGS, the Chief Executive and the Leader of the Council should seek to satisfy themselves that all of the information obtained to support the disclosures made is relevant and reliable so that they can then sign the AGS.

### **KPMG Annual Report**

149. The 2024/25 KPMG Auditor's Annual report identified a significant risk associated with governance arrangements relating to meeting statutory deadlines.
150. **Audit Recommendation:** We note that management is taking action in response to the root causes of the delays described above, including evaluating its Finance staffing resources and working to fill vacancies. However, given the delays to publication for 2024/25, we recommend that the Council develops, and then monitors, a detailed action plan outlining how it expects to return to a financial reporting timetable that ensures a good quality set of draft accounts are published in line with the statutory deadline. Where required, the Authority should continue to invest in additional resources within the Finance team to ensure future compliance with statutory reporting deadlines.

## AGS Action Plan

151. A key part of the AGS is the AGS Action Plan. For 2024/25, two significant governance issues have been identified as follows:

### **Project Management**

152. Four internal audit reports have been issued in 2024/25 that have identified governance issues relating to a lack of a corporate framework for Project Management. The internal audit work identified the following notable governance issues:

- No corporate projects board to ensure senior management oversight of all significant projects being managed across the council.
- Noncompliance with quotation / tendering procedures as specified in the Council's Contract Procedure Rules.
- Standardised project management processes and documentation is not in place.
- Financial planning and monitoring of projects by project managers is not always robust.

The final internal audit reports have recommendations to resolve the identified governance issues, and these have been agreed by management. Full implementation of these recommendations is a priority in 2025/26. Management actions are expected to be completed by the end of 2025, with the majority due for completion earlier. Progress on implementation of agreed management actions will be reported to Chief Officers Board and to the Audit Committee.

### **Planning Decisions and Appeals**

153. The Council's performance on planning decisions (as with every local planning authority) is regularly monitored by the government. The MHCLG recently published the latest set of statistics on planning performance. Hertsmere has had 11.4% of decisions for Major applications overturned at appeal between for the performance period - April 2022 and March 2024. This is a rolling measure and therefore, the trajectory of performance is important. The government's target is 10%. In the light of this performance the Council has been in discussions with the government's Planning Advisory service with a view to putting together an action plan to address this issue.

### **Cyber Security**

154. Cyber and information security continues to be an area of high risk. Whilst the IDS team do their utmost to protect the Council from various types of cyber-attack, these are a common, everyday occurrence with attacks becoming more and more sophisticated. Staff and Members continue to receive mandatory training to maintain their awareness of the risks. The 2024/25 annual Cyber internal audit concluded a 'Reasonable' level of assurance and had 5 medium recommendations, with agreed actions to mitigate the issues identified. In addition, the Cyber insurance renewal requires the Council to further review its cyber arrangements and make any necessary changes to meet their requirements.

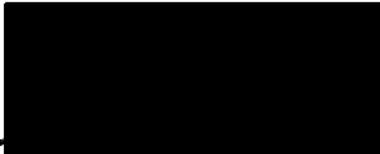
### **Other Governance Considerations**

155. Although not considered to be significant governance issues, the following areas relating corporate resilience around Local Government Reorganisation and the Local Plan are noted with the following details:
156. The English Devolution White Paper published in December 2024 sets out the government's plans to devolve powers from national government to local areas, and for the wider reorganisation of local government. This will affect all existing councils in Hertfordshire, including Hertsmere. Alongside the other Hertfordshire councils, Hertsmere submitted an interim proposal to the government in March 2025 and received feedback in May 2025 on the proposal. The Council will continue to work alongside other Hertfordshire Councils to submit final proposals for reorganisation by 28 November 2025. After this the government will make a decision on taking a proposal forward. Whilst this is an area of high risk it is not considered to constitute a significant governance issue.
157. Recruitment and retention of staff continues to be a challenge for the Council and for Local Government generally particularly in certain professions such as Environmental Health and Planning and is considered a risk to the Council's business continuity and with the progression of Local Government Reorganisation this could become even more challenging. To address this issue and having listened to feedback through the recent Peer Review and annual staff survey, Hertsmere are reviewing its Workforce Strategy, have reviewed its Pay Progression and Flexible Working Policies and are introducing a number of Health and Well Being initiatives to create a happier, healthier workplace.

- 158. The Council continues to manage the risks faced in its preparation and delivery of its Local Plan. This is being managed with regular member reporting and a periodic review of the risk register to ensure relevant actions are identified to mitigate and manage risk. An internal audit has been scheduled as part of the 2025/26 Audit Plan, to assess any governance risks in this area. In view of these actions, it is not considered to constitute a significant governance issue.

**CERTIFICATION**

- 159. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Cabinet, the Audit Committee and the Governance Group, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined above, and the plan to address the identified weaknesses and to ensure continuous improvement of the system is in place.
- 160. We propose to take steps over the coming financial year to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that have been identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: Leader of the Council   
.....  
Cllr Jeremy Newmark 27/2/2026 Date

Signed: Chief Executive   
.....  
Sajida Bijle 27/02/2026 Date

## 9. GLOSSARY OF TERMS

<b>Term</b>	<b>Definition</b>
<b>12 month expected credit losses</b>	The expected credit losses for a financial asset that are projected for the possible default events that might happen only in the next financial year.
<b>Accruals</b>	The concept that Income & Expenditure are recognised as they are earned or incurred, not as money is received or paid.
<b>Actuarial Gains and Losses</b>	For a defined benefit pension scheme the changes in actuarial deficits or surpluses that arise because: <ul style="list-style-type: none"><li>• Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses).</li><li>• The actuarial assumptions have changed.</li></ul>
<b>Agency Arrangements</b>	Arrangements under which the Council provides goods or services to third parties on behalf of another organisation.
<b>Amortised cost</b>	A way of measuring financial instruments that ignores changes in fair value but takes into account the spreading of transactions costs over the instrument term and the impact of any concessionary interest rates.
<b>Term Amortised cost financial assets</b>	<b>Definition</b> Investments for which any gains and losses in fair value are not accounted for until the investment matures or is sold. Defined as financial assets: <ul style="list-style-type: none"><li>• held within a business model whose objective is to hold investments in order to collect their contractual cash flows, and</li><li>• which have the form of a basic lending arrangement (i.e., contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding).</li></ul>
<b>Apprenticeship Levy</b>	The Apprenticeship Levy is a levy on employers to fund new apprenticeships. Control of apprenticeship funding is in the hands of employers through the Digital Apprenticeship Service. The levy will be charged at a rate of 0.5% of an employer's payroll. Each employer receives an

allowance of £15,000 to offset against their levy payment.

**Asset**

Anything which somebody owns which can be given a monetary value, for example buildings, land, vehicles, machinery, cash, investments etc. It is always considered in comparison with liabilities in an organisation's accounts.

**Balances**

The capital or revenue reserves of the Council made up of the accumulated surplus of income over expenditure on the General Fund, Earmarked Reserves etc.

**Business model**

Arrangements for holding financial assets, whose objectives can involve making a return by either collecting the cash flows payable under the contracts for each investment (e.g., interest) or hoping to sell investments to gain from increases in their value.

**Capital Expenditure**

Expenditure on the acquisition of a fixed asset, or expenditure, that adds to the life, or value, of an existing fixed asset.

**Capital Financing Requirement (CFR)**

A measure of the capital expenditure incurred historically by an authority that has yet to be financed by capital receipts, capital grants or revenue financing. The Prudential Code requires that the Council monitors and controls its CFR through its Treasury Management Strategy and Medium Term Financial Strategies.

**Capital Receipts**

Monies received from the sale of assets, which may be used to finance capital expenditure or to repay outstanding loan debt as laid down within rules set by Central Government but which cannot be used to finance day-to-day spending.

**Collection Fund**

A fund administered by charging authorities into which Council Tax income and Business Rates collected locally are paid. Precepts are paid from the fund as is a charge in respect of the Council's own requirements.

**Community Assets**

Assets that a local Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

<b>Consistency</b>	The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.
<b>Contingency</b>	A potential asset or obligation that is dependent on an event or circumstance which is possible but cannot be predicted with certainty.
<b>Council Tax</b>	The tax raised on households, based each year on the position of the property in eight valuation bands A to H.
<b>Council Tax Support</b>	A reduction in the liability to pay Council Tax granted in accordance with a locally determined support scheme.
<b>Credit Arrangements</b>	Transactions that result in the Council acquiring a non-current asset and recognising a liability to pay in the future for some or all of the cost of the asset.
<b>Credit Liabilities</b>	These relate to liabilities of the Council in respect of money borrowed (principal only), or in respect of credit arrangements.
<b>Credit losses</b>	A measure of how much the Council would lose if the amounts owed to it by debtors and borrowers are not repaid. Defined as the shortfall between all the cash flows that are due contractually to the Council under a financial asset and those that it actually expects to receive (discounted using the investment's effective interest rate).
<b>Creditor</b>	An amount owed by the Council for work done, goods received, or services rendered to the Council within the accounting period and for which payment has not been made at the Balance Sheet date.
<b>Current Service Cost</b>	The increase in pension liabilities arising from employee service in the current year.
<b>Curtailement</b>	For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include: <ul style="list-style-type: none"> <li>• Termination of employees' services earlier than expected, for example as a result of closing a</li> </ul>

factory or discontinuing a segment of a business.

- Termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees no longer qualifies or only qualifies for a reduced benefit.

**Debtor**

Sums of money due to the Council but not received at the Balance Sheet date.

**Defined Benefit Scheme**

A pension scheme where the future benefits receivable by pensioners are guaranteed and sufficient contributions have to be paid into the fund to ensure that payments will be affordable.

**Defined Contribution Scheme**

A pension scheme where the contributions payable into the fund are fixed and the benefits receivable by pensioners will depend on the assets that the fund has accumulated to pay them.

**Depreciation**

The measure of the cost or revalued amount of the benefit of the non-current assets that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, effluxion of time, obsolescence through either changes in technology or demand for the goods and services produced by the asset.

**Discretionary Benefits**

Pensions benefits that the Council can choose to award in certain circumstances that employees would not otherwise be entitled to.

**DLUHC**

Department for Levelling Up, Housing & Communities.

**Effective interest method**

The method that uses effective interest rates to calculate the amortised cost of a financial instrument and allocates interest revenue or expense to the particular financial years over which the instrument is held.

**Effective interest rate**

The interest rate that exactly discounts future cash payments and receipts over the life of a financial instrument to the carrying amount gross of any loss allowance (asset) or to the amortised cost (liability). This might be different from the actual interest rate where

(e.g.) transaction costs have been accrued or because of interest at less than market rates being spread over the term of the instrument.

**Exceptional Items**

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

**Expected credit losses (ECLs)**

The credit losses that the Council estimates will arise from the amounts that it is currently owed. ECLs are calculated by measuring the losses that would arise from different default scenarios and calculates a weighted average loss based on the probability of each scenario taking place.

**Expected Rate of Return on Pension Assets**

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

**Extraordinary Items**

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Council and which are not expected to recur. They do not include exceptional items nor do they include prior period items merely because they relate to a prior period.

**Fair value through profit or loss financial assets**

Defined as financial assets that do not qualify for measurement at amortised cost or fair value through other comprehensive income.

**Finance and Operating Lease**

A finance lease transfers all of the risks and rewards of ownership of a fixed asset to the lessee and such assets have been valued and included within Non-current assets in the Balance Sheet. With an operating lease the ownership of the asset remains with the Leasing Company and the annual rent is charged to the relevant service revenue account.

**Financial Instrument**

A contract that gives one party a financial asset and the other party a financial liability (or an equity instrument), such as a loan,

credit terms for the purchase of goods or services or a share in a company.

**General Fund**

The main revenue account of the Council. It contains the excess to date of income over expenditure in the Income and Expenditure Account.

**Government Grants**

Assistance by Central Government and inter-government agencies and similar bodies, whether local, national or international, towards either revenue or capital expenditure incurred in providing local Council services.

**Housing Advances**

Loans made by the Council to individuals towards the cost of acquiring or improving their homes.

**Housing Benefits**

A system of financial assistance to individuals towards certain housing costs, which is administered by Local Authorities. Assistance takes the form of rent rebates, rent allowances, and council tax rebates toward which central government pays a subsidy.

**Infrastructure Assets**

Expenditure on works of drainage, construction or improvement to highways, cycle ways, footpaths or other land owned by the Council.

**Interest Cost (Pensions)**

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

**Inventories**

Assets such as raw materials, building supplies and retail stock that will be used to produce goods or provide services or be sold as part of the Council's normal activities.

**Investments (Non-Pension Fund)**

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.  
Investments, other than those in relation to the pension fund, that do not meet the above criteria are classified as current assets.

**Investments (Pension Fund)**

The investments of the Pensions Fund will be accounted for in the statements of that fund. However, authorities (other than town parish and community councils) are required to disclose, as part of the disclosures relating to retirement benefits, their attributable share of pension scheme assets associated with their underlying obligations.

**Levy (see also “safety net”)**

The Council’s Comprehensive Income and Expenditure Statement include a share of any surplus or deficit arising for the year on the collection of business rates. Where, after taking into account any surpluses on collection, the Council’s income exceed a threshold set by central government, a levy is payable to central government but the Council may retain a proportion of the surplus.

**Liabilities**

Liabilities are present obligations of the Council to transfer an economic resource as a result of past events. They include borrowings and amounts owed by the Council.

**Lifetime expected credit losses**

The expected credit losses that are projected to arise from all possible default events that might happen in the lifetime of a financial asset.

**Liquid Resources**

Liquid resources are current asset investments held as readily disposable assets.

**Loss allowance**

An allowance made by setting funds aside to cover the expected credit losses calculated for a financial asset.

**Minimum Revenue Provision**

The method by which capital expenditure is financed by setting aside amounts from revenue over the useful life of the relevant asset (or in accordance with some other methodology that prudently approximates this).

**Net Book Value**

The amount at which non-current assets are included in the Balance Sheet, i.e. their historical or current value less the cumulative amounts provided for depreciation.

**Net current replacement cost**

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or the nearest equivalent,

adjusted to reflect the current condition of the existing asset.

**Net realisable value**

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

**Non-current assets**

An asset that the Council does not expect to realise or consume in the provision of services within the next twelve months.

**Non-operational assets**

Property, plant and equipment that is not being used to provide services, comprising surplus assets and assets under construction.

**Operational assets**

Property, plant and equipment that is used to provide services.

**Past due**

A financial asset for which a payment that was due contractually to the Council has not yet been paid.

**Past service cost**

The change in pension liabilities relating to employee service in previous years as result of changes to the pension scheme or the ending of the Council's responsibility for employees transferred to another organisation.

**Payments of principal and interest**

The amounts that would be paid under a basic lending arrangement. For accounting purposes, they comprise:

- the repayment of the fair value of a financial asset when it was brought onto the Council's Balance Sheet (principal) and
- consideration for the time value of money, compensation for credit risk, recovery of basic lending costs and a profit margin (interest).

**Post balance sheet events**

Those events, both favourable and unfavourable, which occur between the Balance Sheet date and the date on which the Statement of Accounts is signed by the responsible officer.

**Precepts**

The levy made by one body on another. Hertfordshire County Council and Hertfordshire Police Constabulary, who do not administer the council tax system, each levy an amount on the Borough of

Hertsmere, which collects the required income from local taxpayers on their behalf.

**Prior year adjustments**

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

**Projected unit method**

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings.

**Provision**

An amount set aside to provide for a liability that is likely to be incurred but the exact amount and the date on which it will arise is uncertain.

**Related Parties**

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 at all times its own separate interests.
- 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 separate interests.

**Related Party Transaction**

A related party transaction is the transfer of assets or liabilities or the performance of services by, to, or for a related party irrespective of whether a charge is made. Examples of related party transactions include:

- The purchase, sale lease, rental or hire of assets.
- The provision of a guarantee to a third party in relation to a liability or obligation of a related party.
- The provision of services to a related party.
- Transactions with individuals who are related parties of the Council, except those applicable to other

members of the community such as council tax, rents and payments of benefits.

The materiality of related party transactions is judged not only in terms of their significance to the Council, but also in relation to its related party.

**Rent Allowances**

Subsidies payable by local authorities to tenants in private rented accommodation (either furnished or unfurnished) whose incomes fall below prescribed amounts.

**Rent Rebates**

Subsidies payable by local authorities to their own housing tenants whose incomes fall below prescribed amounts.

**Reserves**

The balances in the Balance Sheet that show variously the revenue and capital resources available to support the provision of services by the Council, the cumulative effect of statutory adjustments to manage the availability of those resources for particular financial years, and balances of revaluation gains and losses on assets that have yet to be realised.

**Retirement Benefits**

The benefits that employees earn during their period of employment but which are not paid to them until after they retire (predominately pensions).

**Revenue Expenditure**

Expenditure on the day-to-day costs of providing services. Defined technically as the expenditure of the Council that does not meet the definition of capital expenditure.

**Right To Buy**

The right acquired by tenants of Council dwellings to buy their homes at a discounted price.

The Councils housing stock was sold to two Housing Associations in 1994 at a discounted rate. As part of the agreement, it was stipulated that any eventual sale of these properties under the "right to buy" scheme would result in part of the proceeds being paid to the Council.

**Safety Net (see also "Levy")**

The Council's Comprehensive Income and Expenditure Statement include a share of any surplus or deficit arising for the year on the collection of business rates. Where, after taking into account any losses on collection, the Council's income falls below a threshold

set by central government, a safety net grant is paid by central government.

**Scheme Liabilities**

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.

**Settlement**

A transaction that eliminates pensions liabilities, such as the transfer of an employee to a new employer that participates in the Local Government Pension Scheme.

**Standard Spending Assessment**

An assessment by Central Government of how much a Local Council should spend in providing a common level of service, having regard to its individual circumstances and responsibilities.

**Subsidiary Company**

A company is a subsidiary of the Council if any of the following apply:

- The Council holds a majority of the voting rights in the company.
- The Council is a member of the company and has the right to appoint or remove directors holding a majority of the voting rights at meetings of the board on most matters.
- The Council has the right to exercise a dominant influence over the company.
- The Council is a member of the company and controls alone a majority of the voting rights in the company.
- The Council has a participating interest in the company and it actually exercises a dominant influence on the company or it and the company are managed on a unified basis.

**Transfer Payments**

Payments to other parties that do not involve the provision of goods or services to the Council.

**Usable Capital Receipts**

This balance is available to either finance capital expenditure or repay debt.

**Vested Rights**

With relation to employee benefits, the benefits that employees have earned an entitlement to before the year-end, and not those that it is projected they will become entitled to as a result of future events.