

Public Document Pack



Chairman and Members of the Audit and Governance Committee

Your contact: Michele Aves
Tel: 01279 502174
Date: 18/02/2025

cc. All other recipients of the Audit and Governance Committee agenda

Dear Councillor,

AUDIT AND GOVERNANCE COMMITTEE - 18 FEBRUARY 2025

Please find attached the following reports which were marked "to follow" on the agenda for the above meeting:

6. Financial Management 2024/25 - Q3 Forecast to year end (Pages 2 - 16)
9. 2023/2024 Accounting Policies (Pages 17 - 29)
12. Audit and Governance Work Programme (Pages 30 - 41)

Please bring these papers with you to the meeting.

Yours faithfully,

Michele Aves
Democratic Services Officer
East Herts Council
Michele Aves@eastherts.gov.uk

MEETING : AUDIT AND GOVERNANCE COMMITTEE
VENUE : COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE : TUESDAY 18 FEBRUARY 2025
TIME : 7.00 PM

Agenda Item 6

East Herts Council Report

Audit & Governance

Date of meeting: Tuesday 18 February 2025

Report by: Councillor Carl Brittain – Executive Member for Financial Sustainability

Report title: Financial Management 2024/25 - Q3 Forecast to year end

Ward(s) affected: (All Wards);

Summary

- The net revenue budget for 2024/25 is £12.652m as set out in Table 1, this is funded by Council Tax. The forecast year end outturn as at 31st December predicts an overspend of £955k.
- The revised capital budget for 2024/25 is £19.082m, plus another £4.16m has been approved but not yet committed, as set out in Appendix C. The forecast outturn is £9.083m giving a variance of £10.0m in year and proposals for £7.835 to be carried forward to 2025/26.

RECOMMENDATIONS FOR AUDIT & GOVERNANCE COMMITTEE

- a) The reasons for the net revenue budget end of year projected overspend of £955k be considered.**
- b) The capital programme forecast outturn of £9.083m, carry forward of £7.835m be considered.**

1.0 Proposal(s)

1.1 Not Applicable

2.0 Background

2.1 The 2024/25 Medium Term Financial Plan (MTFP), revenue budget and capital programme were approved by Council on 28 February 2024. The 2024/25 net revenue budget is £12.652m, the

table below shows the budget alongside the 2024/25 forecast outturn as at Quarter 3 a breakdown of the revenue budget and forecast outturn can be found in **Appendix B**.

The Quarter 2 forecast outturn has been included within this report as **Appendix A**.

Table 1: Revenue Budget and End of Year Forecast Outturn	2024/25 Budget	2024/25 Forecast Outturn	Variance
	£'000	£'000	£'000
Net Cost of Services (NCS)	21,678	23,687	2,009
Total corporate budgets	3,424	2,863	(561)
Total reserve movements	(2,348)	(2,834)	(486)
Total funding	(10,102)	(10,108)	(6)
Net revenue spend	12,652	13,607	955
Funded by Council Tax	(12,652)	(12,652)	-
Overspend/Underspend	-	955	955

2.2 The Net Cost of Services (NCS) budget of £21.678m includes the saving proposals of £1.186m that were approved as part of the MTFP. The table below shows the breakdown of the NCS forecast overspend between base operational budget and savings target, further details and commentary on the forecast overspend can be found in **Appendix C**.

Table 2: Forecast Outturn on approved Savings	2024/25 Budget	2024/25 Forecast Outturn	Variance
	£'000	£'000	£'000
Base NCS	22,864	24,215	1,351
Savings proposals	(1,186)	(528)	658
Total 2024/25 NCS	21,678	23,687	2,009

2.3 Corporate budgets

The proposed change in Accounting Policy to allow the capitalisation of interest during the build phase has meant that the total capitalisation of interest in year amounts to £340k.

Total interest is now expected to be £395k less than budget, and Investment interest received is also currently forecast to overperform to a total of £166k, it is proposed to move the £166k to reserves, to meet future potential losses on property funds.

2.4 Contributions to reserves

It is proposed that the £652k contribution to reserves is not achievable in year and this is utilised to offset the overspend. As per paragraph 2.3 it is proposed to transfer £166k of the over achievement of investment income to reserves.

2.5 Funding

The funding section has been updated with latest forecast government funding.

2.6 Capital Budget

The revised capital budget for 2024/25 is £19.082m, plus £4.16m has been approved by Council not yet committed, is set out in **Appendix D**. The forecast outturn is £9.083m giving a variance of £10m underspend. The underspends relate to:

- Reprofiling of the £270k capital budget for hostels to 2025/26
- The Reprofiling into 2025/26 of the reduced budget for Refuse & Recycling of £6.155m for Vehicles, £1.680 for containers. Vehicles are now expected to be £1.845m less than originally budgeted in 24/25 (£8m).
- Waste Vehicles and containers expenditure will now occur in Qtr. 1 of 2025/26 totalling £7.835m.
- There is no requirement for the community capital grant budget for 2024/25 resulting in a £50k underspend in capital any spend will be treated as Revenue and recorded through the CIES.

2.7 The outstanding debt as at Quarter 3, £3.09m, has reduced from the position at Quarter 2, £3.25m. Debt over 180 days totals £2.27m (Qtr. 2 £2.23m). Following the restructure of the Strategic Finance service, the Transactions Team is now fully staffed.

Work has accelerated on understanding and actioning reviews of the outstanding aged debt.

- Validating if the companies in debt are still in existence.
- Checking to see if companies have a payment plan in place have to recover old or existing debts.
- Identifying small value items that are not economic to recover.
- Identifying errors where invoices have been raised in error, leading to an overestimate of debt.
- Understanding where we are in the legal process for some of the more 'intricate' issues.
- Instructed and working with CPA (Credit Protection Association), to pass old debt on to try and communicate with customers to get them to engage with us to pay or discuss aged debt.
- Instituting more streamlined working between Finance colleagues and those in services to enable more timely chasing of outstanding debt.

The impact of the above is beginning to materialise. It will take a little time due to the number of debts and the complex nature of some specific cases.

Mitigation of projected revenue overspend.

2.8 The effects of updating the accounting policies to allow for the capitalisation of interest have been included in the Qtr. 3 forecasts.

2.9 The application of the minimum revenue provision (MRP) and the calculations are being reviewed. It is expected that this review may help to reduce the in-year overspend.

2.10 Quarter by quarter, projections will be updated and refined to include the most up to date information and projections of income and expenditure to the end of the financial year.

2.11 Officers have identified a series of ways in which the forecast overspend at this stage can be mitigated. These include:

- Work is underway to appeal the business rate revaluations which have led to higher increases in business rates than the council had anticipated and budgeted for
- Active vacancy management including holding posts vacant or delaying recruitment without using agency staff.
- Refocusing of efficiencies that can be achieved through the Transformation programme now that large projects, which have absorbed senior officers' time, have concluded, or will do so soon, such as the opening of BEAM, negotiation of the waste management contract, establishment of the UK Shared Prosperity Fund Programmes
- Accelerating work to review and uplift rents the council charges on its assets, such as shops and car parks leased to others.
- Introducing a new advertising and sponsorship policy and seeking to maximise income through these sources.

3.0 Reason(s)

3.1 Section 28 of the Local Government Act 2003 requires the council to monitor the budget and monitor and assess the adequacy of reserves and balances during the year. East Herts council's financial management framework requires quarterly reports to Audit and Governance Committee and the Executive with forecasts to year end.

3.2 The Executive is required to consider the budget forecasts and ensure that action is taken in relation to any expenditure overspends or any underachievement of income so that the Council's financial resources are not exceeded.

4.0 Options

4.1 Not applicable

5.0 Risks

5.1 Higher inflation and the high interest rates will put pressure on the council's revenue and capital budgets. Officers are keeping the

situation under review and will alert members in a timely way if interventions are required.

6.0 Implications/Consultations

6.1 The Finance team have consulted with Heads of Service, service managers and budget holders in writing this report.

Community Safety

None arising directly from this report.

Data Protection

None arising directly from this report.

Equalities

None arising directly from this report.

Environmental Sustainability

None arising directly from this report.

Financial

All financial implications are included in the report.

Health and Safety

None arising directly from this report.

Human Resources

None arising directly from this report.

Human Rights

None arising directly from this report.

Legal

Section 28 of the Local Government Act 2003 requires the Council to monitor the budget and monitor and assess the adequacy of reserves

and balances during the year. East Herts Council’s financial management framework requires quarterly reports to Audit and Governance Committee and the Executive with forecasts to year end.

Specific Wards

No

7.0 Background papers, appendices, and other relevant material

7.1 Budget 2024/25 and Medium-Term Financial Plan – 28 February 2024 Council meeting

7.2 Appendices

Appendices	
A	Q2 - 2024/25 Revenue Budget & forecast outturn
B	Q3 - 2024/25 Revenue Budget & forecast outturn
C	Significant variances
D	2024/25 capital programme and forecast outturn

Contact Member Councillor Carl Brittain

Executive Member for Financial Sustainability

carl.brittain@eastherts.gov.uk

Contact Officer Mathew Crosby

Interim Head of Strategic Finance and Property,

Contact Tel. No. extn 2006

mathew.crosby@eastherts.gov.uk

Report Author Alison Street

Service Manager (Strategic Finance)

alison.street@eastherts.gov.uk

2024/25 Revenue budget - Qtr 2 Forecast outturn position

		2024/25 budget	Forecast outturn	Variance
		£'000	£'000	£'000
Net Cost of Services	Chief Executive & Directors	362	354	(8)
	Communications, Strategy & Policy	1,943	2,101	158
	HR & Organisational Development	597	584	(13)
	Strategic Finance & Property	2,284	2,559	275
	Centrally Managed Costs	97	669	572
	Housing & Health	2,180	2,028	(152)
	Democratic and Legal	1,571	1,523	(48)
	Planning & Building Control	2,238	2,479	241
	Operations	2,158	3,388	1,230
	Shared Revenues & Benefits Service	1,721	1,661	(60)
	Revenues & benefits retained costs	(465)	(446)	19
	Housing Benefit Subsidy	(371)	(757)	(386)
	Shared Business & Technology Services	2,774	2,551	(223)
	Revenue Costs Capitalised	(150)	(150)	-
	CERA	4,739	4,739	-
Total Net Cost of Services		21,678	23,283	1,605
Corporate Budgets	Minimum Revenue Provision	1,032	1,032	-
	Interest Payments on loans	2,955	2,930	(25)
	Interest & Investment income	(1,200)	(1,224)	(24)
	Pension Fund Deficit contribution	637	637	-
	Corporate Budgets Total:		3,424	3,375
Use of Reserves	Contributions to Earmarked reserves	652	49	(603)
	Contributions from Earmarked reserves	(3,000)	(3,000)	-
	Net Use of Reserves:		(2,347)	(2,951)
Net Cost of Services Total:		22,755	23,707	952
Funding	Retained Business Rates - Business Rates	(2,933)	(2,933)	-
	Retained Business Rates - Section 31 Grants	(1,361)	(2,922)	(1,561)
	(Surplus)/Deficit on collection fund	(500)	(500)	-
	General Government Grants	(1,999)	(438)	1,561
	New Burdens Funding - food waste collection	(1,501)	(1,501)	-
	Revenue Support Grant	(111)	(118)	(7)
	New Homes Bonus Grant	(1,697)	(1,697)	-
Non Departmental Budgets Total:		(10,102)	(10,109)	(7)
Total:		12,652	13,598	946

Appendix B - 2024/25 Revenue budget - Qtr 3 Forecast outturn position

		2024/25 budget	Forecast outturn	Variance
		£'000	£'000	£'000
Net Cost of Services	Chief Executive & Directors	362	428	66
	Communications, Strategy & Policy	1,943	2,192	249
	HR & Organisational Development	597	576	(21)
	Strategic Finance & Property	2,212	2,673	461
	Centrally Managed Costs	97	686	589
	Housing & Health	2,252	2,053	(199)
	Democratic and Legal	1,571	1,503	(68)
	Planning & Building Control	2,238	2,549	311
	Operations	2,158	3,172	1,014
	Shared Revenues & Benefits Service	1,721	1,663	(58)
	Revenues & benefits retained costs	(465)	(448)	17
	Housing Benefit Subsidy	(371)	(737)	(366)
	Shared Business & Technology Services	2,774	2,788	14
	Revenue Costs Capitalised	(150)	(150)	-
	CERA	4,739	4,739	-
Total Net Cost of Services	21,678	23,687	2,009	
Corporate Budgets	Minimum Revenue Provision	1,032	1,032	-
	Interest Payments on loans	2,955	2,560	(395)
	Interest & Investment income	(1,200)	(1,366)	(166)
	Pension Fund Deficit contribution	637	637	-
	Corporate Budgets Total:	3,424	2,863	(561)
Use of Reserves	Contributions to Earmarked reserves	652	166	(486)
	Contributions from Earmarked reserves	(3,000)	(3,000)	-
	Net Use of Reserves:	(2,348)	(2,834)	(486)
Net Cost of Services Total:		22,754	23,716	961
Funding	Retained Business Rates - Business Rates	(2,933)	(2,993)	(60)
	Retained Business Rates - Section 31 Grants	(1,361)	(2,862)	(1,501)
	(Surplus)/Deficit on collection fund	(500)	(500)	-
	General Government Grants	(1,999)	(438)	1,561
	New Burdens Funding - food waste collection	(1,501)	(1,501)	-
	Revenue Support Grant	(111)	(118)	(7)
	New Homes Bonus Grant	(1,697)	(1,697)	-
Non Departmental Budgets Total:		(10,102)	(10,108)	(6)
Total:		12,651	13,607	955

Appendix C - Summary of significant variances – Qtr. 3 2024/25

Budget area	2024/25 budget £000	Forecast outturn £000	Variance £000	Reason for variance and mitigating actions
VARIANCE AGAINST BASE OPERATIONAL BUDGETS				
NNDR	1,588	1,843	255	National Non-Domestic Rates bills for Multistorey car parks and Wallfields are significantly higher than budgeted due to the 2023 Business Rate Revaluation. The property team will engage agents to appeal the revaluation in an attempt to reduce the liability, however there is no guarantee of success.
Transformation, staff restructuring costs	0	160	160	Service restructuring under the Transformation programme has resulted in one-off costs of £160k.
Planning service – staffing costs & reduced planning income	2,238	2,549	311	<p>Planning is currently forecasting to be £311k overspent at year end. This is mainly due to a slight decrease in planning application income and ongoing recruitment difficulties.</p> <p>Whilst the number of planning applications submitted has been better compared to previous years, the pattern is still not stable and is directly linked to market factors such as high construction costs and overall cost of living. Planning application fees are set to increase from April 2025 and as a result there could be a number of applications submitted before the end of Q4 which will help reduce the pressure.</p> <p>In terms of recruitment, whilst the service has been successful since January 2023 in filling a number of planning vacancies, there remains a shortage of planners available at a principal level in development management to deal with the more complex planning applications. In order to mitigate this impact, the service has introduced a number of measures to support existing staff progress their careers and gain the necessary experience. However, this does mean that the use of agency planners is still required in the short term to assist with the more complex applications.</p>

BEAM	(548)	953	1,501	Overspend and under achievement of income against profiled budget. Main reasons include: delayed opening from May to August, NNDR estimate of £200k against budget of £30k, , delayed IT infrastructure /lack of Wi-Fi has meant using an overnight security company.
Charringtons House	0	333	333	Charringtons House was closed to tenants on 31 March 2023, the council remains liable for costs in relation to business rates and utilities.
Buntingford Depot	210	418	208	A rent review has been undertaken in respect of Buntingford Depot which has resulted in additional costs of £123k. and a reduction in income £85k
Miscellaneous assets, rent	(329)	(414)	(85)	Rent reviews have been undertaken on council owned assets which has resulted in rental income overachieving the budget.
Legal & Democratic Services	513	445	(68)	Underspend forecast against salary budget of £68k following restructure of Democratic Services team.
Housing & Health, salaries	2,252	2,053	(199)	Underspend on salaries due to vacant posts.
Housing Benefits	(370)	(737)	(367)	Budgets overstated for Housing Benefit subsidy and payments resulting in an underspend.
Strategic Finance	733	672	(61)	Underspend against salary budgets as a result of a vacant post
Parking	(1,115)	(1,373)	(258)	Projected over achievement of income.
UK shared prosperity fund	0	(42)	(42)	4% admin fee to be retained by East Herts, not budgeted for. This has been 'held back' to accommodate any last minute overspends in the UKSPF.
Waste Service	3,817	3,443	(374)	Waste services are forecasting an underspend against budgets this relates to: <ul style="list-style-type: none"> • contract inflation being lower than budgeted. • higher than budgeted income received for sales of recyclable materials

VARIANCE AGAINST SAVINGS TARGETS				
Senior Management Restructure	(250)	(61)	189	
Ban on overtime payments	(200)	(36)	164	All overtime budgets have been removed and saving achieved for these lines. The £200k was an overestimate of the budgets to be removed. Overtime payments peaked in 22/23 totalling 157k. (130k of this was Revs and Bens, in 24/25 Revs and Bens is forecast to now be 4k. Included in the 24/25 Overtime spend is circa 18k that was paid as overtime but was funded by Revenue Receipts to cover these costs.
Avoidable contacts	(24)	0	24	Anticipated to make this saving in Q2 2025/26 by not replacing customer services staff due to CRM project.
Wallfields – renting out part of building	(117)	0	117	Savings built in with assumption of rent received from part way through the year, due to ongoing negotiations this date hasn't been achievable therefore the saving won't be achieved in full in 2024/25
Xeroboxes	(20)	0	20	Removal of xeroboxes from Wallfields to be implemented following upgrade of Wi-Fi
Procurement Act 2023 changes	(50)	0	50	Discussions underway with Stevenage Borough Council
Intranet	(28)	(7)	21	Work on replacing the hosted intranet underway, full saving to be realised in 2025/26. 4 months' worth of saving to be achieved in 2024/25
Advertising on Assets	(18)	0	18	An Invitation to Tender is going out on an ESPO framework on Friday 7 th February 2025 with the intention to award a contact mid-March ready for implementation 1 April.
Launchpad	0	15	15	Forecast income is for 2024/25 is £160k. Expenditure forecast is £175k. This includes all running costs (salaries, utilities, rates', marketing) and rental income to the council (£73,500 p/a)
Total	8,282	10,214	1,932	
Other minor balances	13,446	13,523	77	
Overall total	21,728	23,737	2,009	

Capital Forecast Outturn Quarter 3 - 31st December 2024

	Carry Forward from	Revised Budget	Forecast Outturn	Variance	Carry Forward
	2023/24	2024/25	2024/25	2024/25	2024/25
	£'000	£'000	£'000	£'000	£'000
Land and Buildings					
Investment in operational assets	238	589	589	-	-
Buntingford Depot	-	800	800	-	-
Hertford Theatre	749	4,815	4,815	-	-
Old River Lane and Arts Centre	-	552	552	-	-
URC Church Hall	-	170	170	-	-
Hostels	-	270	0	(270)	-
Pinehurst Community Hall	180	180	180	-	-
Infrastructure					
Bridges	262	262	262	0	-
Vehicles and Equipment					
Rolling programme to be utilised on ICT projects subject to ITSG review	-	450	450	0	-
Refuse & Recycling - cleansing vehicles	-	8,000	0	(8,000)	6,155
Refuse & recycling - containers	-	1,680	0	(1,680)	1,680
Community Assets					
Replacement play equipment across the district	-	50	50	0	-
Bishops Stortford Castle Park - HLF	633	633	633	0	-
Hertford Castle Grounds - Development Phase - HLF	-	363	363	0	-
Parks & Open Spaces	153	219	219	0	-
Revenue Expenditure Funded as Capital Under Statute (REFCUS)					
Community Capital Grants	-	50	0	(50)	-
Current Capital Programme Budget Total	2,215	19,082	9,083	(10,000)	7,835

Approved But Not Yet Committed
Transformation Programme
Home Improvement Loans
Historic Building Loans
Capital Contingency - Major Projects
Current Capital Programme Budget Total

2,500
140
20
1,500
4,160

East Herts Council Report

Audit and Governance Committee

Date of meeting: Tuesday 18 February 2025

Report by: Councillor Carl Brittain – Executive Member for Financial Sustainability

Report title: Update to Accounting Policies - Capitalisation of interest

Ward(s) affected: (All Wards);

Summary – The addition of Accounting Policy (Xviii) to 2023/24 Statement of Accounts and subsequent years. This change allows for the interest incurred during construction to be capitalised.

RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE:

- a) That the Committee reviews the inclusion of a new Accounting Policy that allows the capitalisation of interest during construction.
- b) Notes the effect that this change in Accounting Policy will have on the associated values of relevant assets and the interest charged in 2023/24 to the CIES.

1.0 Proposal(s)

1.1 Accounting Polices to be updated to include Note Xviii containing the following: -

Capitalisation of Interest

The Council capitalises borrowing costs incurred whilst qualifying assets are under construction. Qualifying assets are where there is a 'substantial period of time' from the first capital expenditure financed from borrowing until the asset is ready to be brought into use. A substantial period of time is considered to mean in excess of two years.

1.2 The change in accounting policy shall be applied retrospectively, as if the policy had always been applied.

1.3 The amounts that will be capitalised are noted along with the method used to calculate these amounts.

2.0 Background

2.1 The council has undertaken several large capital schemes over the past few years that have a combined Capital Spend of circa £93m.

2.2 The costs of these schemes have been financed in the main from Internal and External Borrowing, along with Capital Grants, Capital Disposals, and Revenue Contributions.

2.3 It is the cost of the External Borrowing during the construction phase that is being proposed to be capitalised.

2.4 The table below shows the amount of interest each asset could capitalise.

Asset	Completion	Part year interest	2021/22	2022/23	2023/24	2024/25	Total interest Capitalised
			£	£	£	£	£
Grange Paddocks (New Build)	Oct-21	6 months	2,463				2,463
Northgate End	Jun-22	2 months	5,556	32,899			38,455
Hartham Leisure Centre	Sep-23	5 months	1,037	72,200	84,809		158,046
Hertford Theatre	Aug-24	4 months	389	127,346	653,704	310,058	1,091,498
Old River Lane Development	Ongoing		165	11,828	24,768	30,385	67,146
Total Borrowing Costs			9,610	244,273	763,282	340,443	1,357,608

2.5 The accumulated value of Interest that could be capitalised up to and including 2022/23 amounts to £253,883 and a further £763,282 in 2023/24.

2.6 A total of £1,017,165 of interest will be capitalised in 2023/24. All adjustments up to and including 2023/24 will be put through the Statement of Accounts as 'in year transactions' totalling £1,017,165.

2.7 The Accumulated effect of changes in value of assets due to the capitalisation of interest will be as follows: -

- Old River Lane - £36,761
- Grange Paddocks - £2,463
- Hartham Leisure Centre - £158,047
- Northgate End - £38,455
- Hertford Theatre - £781,439

2.8 This will reduce the interest charged through the CIES in year, once the Statement of Accounts for 2023/24 has been updated to incorporate the changes, consideration will then be given to see (if appropriate) if any of this Interest can then be moved into the Interest Equalisation Reserve.

2.9 Minimum Revenue Provision charges will slightly increase each year to take into account the increase in the asset value, due to the capitalisation of Interest during construction.

3.0 Reason(s)

3.1 The capitalisation of Interest during construction aligns the cost of capital to the assets being constructed.

3.2 The Interest charges incurred during the construction phase are not charged to the CIES in the year they are incurred, as the asset is not operational at that time.

3.3 Interest only becomes chargeable to the CIES when the new assets are completed and become operational.

4.0 Options

- 4.1 Endorse the updates to the Accounting Policies to include the ability to capitalise interest during construction or reject the update to the Accounting Policies.

5.0 Risks

5.1 The interest associated with the Assets cannot be capitalised if the Accounting Policies are not updated.

5.2 The Accounting Policies need to be updated to allow the capitalisation of interest, if not all the interest associated with the specific assets during construction would otherwise be charged to the CIES in the year they are incurred.

5.3 If the Interest is not capitalised the costs will have to be funded from reserves and will reduce them further.

6.0 Implications/Consultations

6.1 Arlinclose have been asked to consider the possibility of capitalising interest costs for Assets Under Construction as part of a wider review if the Councils Minimum Revenue Provision (MRP) and associated calculations.

6.2 Where applicable reference to various accounting standards, notably International Accounting Standard 23 (IAS23) was given.

6.3 Arlinclose undertook modelling under a weighted Average Cost of Capital basis, the Council provided two alternative versions for review and consideration.

6.4 The weighted Average method would have been £48.4k more of interest than the Councils method and there are differences in each of the schemes.

6.5 The Councils method is more in line with the requirements of IAS 23 and has therefore been used.

Community Safety

None arising directly from this report.

Data Protection

None arising directly from this report.

Equalities

None arising directly from this report.

Environmental Sustainability

None arising directly from this report.

Financial

All financial implications are included in the report.

Health and Safety

None arising directly from this report.

Human Resources

None arising directly from this report.

Human Rights

None arising directly from this report.

Legal

None arising directly from this report.

Specific Wards

No

7.0 Background papers, appendices, and other relevant material

- 7.1 Appendix A – Updated Accounting Policies
- 7.2 Appendix B – Effects of capitalisation of Interest

Contact Member

*Councillor Carl Brittain, Executive Member for
Financial Sustainability*

carl.brittain@eastherts.gov.uk

Contact Officer

Mathew Crosby, Interim Head of Strategic
Finance

Contact Tel No: 01279 502006

mathew.crosby@eastherts.gov.uk

Report Author

Mathew Crosby, Interim Head of Strategic
Finance

mathew.crosby@eastherts.gov.uk

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

- i.** The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Accounts and Audit Regulations 2015 require the Council to prepare the Statement of Accounts in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2022/23 and the Service Reporting Code of Practice (SeRCOP) 2020/21, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act. The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.
- ii.** The accounts are prepared on a going concern basis; that is, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future from the date that the accounts are authorised for issue.

iii. Accruals of Income & Expenditure

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

- Income from the provision of services in the form of sales, fees, charges and rents is recognised and accounted for in the period to which they relate.
- Expenses in relation to services received (including services provided by employees, transport related, premises related and supplies and services related expenditure) are recorded as expenditure when the services are received rather than when payments are made, with the exception of quarterly utility payments where no actual apportionment is made for bills spanning two financial years.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Provision is made for doubtful debts and known uncollectable debts are written off in accordance with the Council's agreed policy.

iv. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three weeks or less that are readily convertible to known amounts of cash with insignificant risk of change in value, and are used to meet short term liquidity requirements.

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

v. 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.

**vi. Charges to Revenue for Non - Current Assets
(Property, Plant and Equipment and Intangible Assets)**

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

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. Depreciation, revaluation, impairment losses and amortisations are therefore transferred to the Capital Adjustment Account in the Movement in Reserves Statement.

vii. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave and paid sick leave, and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements and flexi time earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Post Employment Benefits (Pensions)

The Council participates in one scheme, the Local Government Pension Scheme, which is a defined benefit final salary scheme administered by Hertfordshire County Council. The liabilities of the Hertfordshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit credit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of future earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 2.5%. The discount rate has been determined as the long term government bond yield plus an allowance for the average difference between the yield on corporate bonds and government bonds. This difference in yields is a result of the difference in the risk of default. This approach has been adopted as government bonds have a long enough term to match the term of the liabilities whereas corporate bonds have shorter terms.

The assets of Hertfordshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price;
- unquoted securities – professional estimate;
- unit trust and managed fund investments (including property) – current bid price and disclosed in line with the requirements of IAS19.

The change in the net pensions liability is analysed into seven components:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- past service cost / gain – the increase / decrease in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited / credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- expected return on assets – the annual investment return on the pension fund assets attributable to the Council, based on an average of the expected long-term return, credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- gains or losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve;
- contributions paid to the pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

In line with the requirements of the Code the past service contribution is no longer a current revenue item but is included as part of the payments to the pension fund (in accordance with pension scheme regulations) and is treated as a cash flow item which reduces the pensions liability. This is also in line with the requirements of the Code.

Further information can be found in Hertfordshire County Council’s Pension Fund’s Annual Report which is available upon request from LPP, Hertfordshire County Council, Post point CHO 033, County Hall, Pegs Lane, Hertford, SG13 8DQ.

viii. Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

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

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

ix. Government grants and contributions - revenue and capital

Grants and contributions relating to capital and revenue expenditure are accounted for on an accruals basis and recognised in the accounts when there is reasonable assurance that the Council will comply with any conditions attached to the payments, and the grants or contributions will be received.

The grant or contribution is recognised immediately within the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition relating to the initial recognition that the Council has not satisfied.

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

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

Revenue grants specific to service provision are shown against the relevant service in the Comprehensive Income and Expenditure Statement. General grants allocated by central government directly to local authorities as additional revenue funding which are non-ring fenced are credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

x. Minimum revenue provision

In accordance with current legislation the minimum revenue provision (MRP) for the redemption of debt is required to be calculated on a prudent basis having regard to guidelines set out for application of the prudential code. Following the disposal of the Council's Housing stock the Council has a negative capital financing requirement and so the calculated MRP is nil.

xi. Overheads and support services

As the Council does not include the recharge of overheads and support services in how they monitor and manage financial performance they are no longer included in the year end accounts.

xii. Provision for bad debt

The value of receivables (debtors) shown on the Balance Sheet is adjusted for doubtful debts. The level of bad debt provision is reviewed annually. Uncollectable debts are written off against the provision. The following methods are used:

Trade Accounts Receivable	- Age and Collectability
Housing Benefits Overpayments	- Age and Collectability
National Non Domestic Rates	- Currently 100% of outstanding arrears
Council Tax	- 0.46% against the net debit due reviewed against sums written off and opening yearly balances

xiii. Revenue expenditure funded from Capital under Statute (REFCUS)

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

xiv. Capital receipts

Capital Receipts arise from the sale of non-current assets (Property, Plant and Equipment and Investment Properties). Further to the introduction of the Prudential Capital Finance System on 1 April 2004, capital receipts are all deemed to be "usable" and are held within the Capital Receipts Reserve.

Prior to this date, in accordance with Government legislation, a proportion of certain receipts had to be "set aside" and are retained within the Capital Adjustment Account as provision for the repayment of debt.

xv. VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenues & Customs and in most circumstances all VAT paid is recoverable from them. VAT has been included in the income and expenditure accounts only to the extent that it is irrecoverable.

xvi. Tax Income (Council Tax, Non-Domestic Rates (NDR))

Non Domestic Rates (NDR)

The Council collects, administers and distributes Non Domestic Rates (NDR) for its area based on local rateable values determined by the Valuation Office Agency (VOA). The tax liability is then calculated applying a business rate which is set and uniformly applied on a national basis. In 2013/14, the administration of NDR changed following the introduction of a Business Rates Retention Scheme which aims to give Councils greater incentive to grow businesses in their locality. This regime also increased the financial risk and opportunities for local authorities, with income becoming more volatile and difficult to predict.

The regime provides for local authorities to retain a proportion of the total collectable rates due in proportion of their relevant statutory share. The proportion for East Hert is 40%, the remainder being distributed to Hertfordshire County Council (10%) and Central Government (50%).

As part of the regime the Government set up a system of 'Top ups', 'Tariffs' and 'Safety Nets' that were introduced to ensure that Councils were guaranteed a minimum level of retained NDR income, thus providing some financial certainty under the new scheme. In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and the financial impact of uncollected business rate income as at 31 March 2021. Authorities are required to make a provision for these assets and liabilities in their accounts.

The accounting arrangements for the Non Domestic Rates are summarised as follows:

- the Council's element of Retained Business Rate income, Tariffs, Top Up and Safety net is included in the CI&E Statement based on the relevant regulations.
- the NDR Collection Fund is prepared on an agency arrangement basis. Relevant proportions of the accounts Surplus/Deficit/taxpayer's Arrears and Provisions are allocated to the relevant Preceptors and Government and accounted for as Debtors/ Creditors in the Billing Authority's Accounts
- the council's cashflow statement only includes the council's share of council tax, net cash collected and precepts paid.

Council Tax

The Council as billing authority acts as agent with regards to the collection and distribution of Council Tax on behalf of itself, Hertfordshire County Council, Hertfordshire Police and Town and Parish Councils. In line with these agency arrangements, and in order to reflect the risks and rewards within the Council, the following transactions are included:

- the Council's Comprehensive Income & Expenditure Statement includes only the statutory precept under regulation.
- a debtor/creditor to reflect the difference between the various preceptors share of cash collected in the year and cash paid to the preceptors on account in line with the appropriate regulations will be included in the Council's balance sheet.
- the council's cashflow statement only includes the council's share of council tax, net cash collected and precepts paid

xvii. Interests in Other Entities

The Council has set up a wholly owned subsidiary called Millstream Property Investments Ltd, which has the principal activity of acquiring, developing and refurbishing properties. The Company's accounts are consolidated into the Council's accounts and the consolidated accounts are included in the Council's Statement of Accounts.

Additionally, the Council also has an interest in Hertfordshire Building Control Limited, a company which is equally owned by seven Hertfordshire authorities.

xviii. Capitalisation of Interest

The Council capitalises borrowing costs incurred whilst qualifying assets are under construction. Qualifying assets are where there is a 'substantial period of time' from the first capital expenditure financed from borrowing until the asset is ready to be brought into use. A substantial period of time is considered to mean in excess of two years.

2023/24 Effects of Capitalisation of Interest

Proposed amendment to the Accounting Policies

To be able to allocate borrowing costs to assets under construction the Council will need to amend its accounting policies.

The 2023/24 Accounting Policies have been updated (Xviii) to include the capitalisation of interest.

Quantifying the Change of Accounting Policy

Asset	Completion	Part year interest	2021/22	2022/23	2023/24	2024/25	Total interest Capitalised
			£	£	£	£	£
Grange Paddocks (New Build)	Oct-21	6 months	2,463				2,463
Northgate End	Jun-22	2 months	5,556	32,899			38,455
Hartham Leisure Centre	Sep-23	5 months	1,037	72,200	84,809		158,046
Hertford Theatre	Aug-24	4 months	389	127,346	653,704	310,058	1,091,498
Old River Lane Development	Ongoing		165	11,828	24,768	30,385	67,146
Total Borrowing Costs			9,610	244,273	763,282	340,443	1,357,608

- **22/23 and before Total £253,883**

All adjustments up to and including 23/24 will be put through the Statement of Accounts as 'in year transactions' totalling £1,017,165.

This will reduce the interest charged through the CIES in year, once the draft SOA has been produced for 23/24 a review can be undertaken and any surplus can be moved into the Interest Equalisation Reserve.

Effects on 23/24 Statement of Accounts

1. A total of **£1,017,165** of interest will be capitalised in 2023/24.
2. The Accumulated effect of changes in value of assets due to the capitalisation of interest will be as follows: -
 - Old River Lane - £36,761
 - Grange Paddocks - £2,463
 - Hartham Leisure Centre - £158,047
 - Northgate End - £38,455
 - Hertford Theatre - £781,439

Agenda Item 12

East Herts Council Report

Audit & Governance Committee

Date of meeting: 18th February 2025

Report by: Mathew Crosby, Head of Strategic Finance & Property (Interim s.151 Officer)

Report title: Audit and Governance Committee Work Programme

Ward(s) affected: All

Summary – To present to Audit and Governance Committee the Updated work programme for the year of finance and audit business with a summary, so that Members can see the business that will come before the Committee at each meeting.

RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE

- a) Approve the work programme as set out in the report; and
- b) Specify any training requirements.

1.0 Proposal(s)

- 1.1 Audit and Governance Committee's audit functions are:
 - 1.1.1 Approving the Council's statement of accounts.
 - 1.1.2 Consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
 - 1.1.3 Seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.
 - 1.1.4 Be satisfied that the Council's assurance statements, including reviewing the Annual Governance Statement against the good governance framework, properly reflect

- the risk environment and any actions required to improve it.
- 1.1.5 Approve internal audit's strategy, its plan and monitor its performance.
 - 1.1.6 Approve the shared anti-fraud service strategy, its plan and monitor its performance.
 - 1.1.7 Review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary.
 - 1.1.8 Receive the annual report of the head of internal audit.
 - 1.1.9 Receive and consider the reports of external audit (including the annual audit letter) and inspection agencies, and monitor management action in response to the issues raised.
 - 1.1.10 Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies and that the value of the audit process is actively promoted.
 - 1.1.11 Review the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit.
 - 1.1.12 Oversight of the Council's commercial projects.
- 1.2 Audit and Governance Committee's finance functions are:
- 1.2.1 Receive budget monitoring reports and risk management reports.
 - 1.2.2 Lead the cross-Member scrutiny and consideration of the Council's draft annual budget and medium-term financial plan.
 - 1.2.3 Scrutinise the Council's Annual Investment Strategy, Annual Capital Strategy, Mid-Year Treasury Management Report and Annual Treasury Management Report and through review gain assurance that systems of governance and control for Treasury Management are effective.

- 1.2.4 Where appropriate, assisting the Council and the Executive in the development of its budget and policy framework by in-depth analysis of financial, procurement and governance related policy issues.
 - 1.2.5 Where relevant to the audit or finance functions of the Committee, overseeing and scrutinising all Internal, Corporate and Corporate Governance functions of the Council.
- 1.3 In order to fulfil these functions a series of reports will be brought to Members to provide:
- 1.3.1 Assurance that the council's financial affairs are being properly managed and that the council is making the best use of resources;
 - 1.3.2 An adequate and effective system of internal audit is operating and that its approved plan is being delivered;
 - 1.3.3 The Council's governance arrangements are adequate;
 - 1.3.4 That key business risks have been identified, evaluated and are being managed;
 - 1.3.5 That key systems and controls are operating effectively giving assurance that the Statement of Accounts is materially correct and can be approved;
 - 1.3.6 Receive and consider the external auditor's Audit Plan, Audit Results Report and Annual Audit Letter; and
- 2.0 Receive copies of Executive budget monitoring reports, for information, so that the final accounts outturn position can be compared to forecasts during the year.
- Training
- 2.1 Training for Members of the Committee will be delivered for the first 30 minutes of the Committee meeting and will be related to the business before the Committee.
 - 2.2 Members are recommended to review the proposed work programme and suggested training and identify any other training needs they require.

3.0 Work Programme

- 3.1 The Committee will note that outstanding statement of accounts have been shown within the updated work programme.
- 3.2 Years 2021/22, 2022/23, and 2023/24 will be utilising Backstop arrangements to progress and help re-set the normal cycle.
- 3.3 2024/25 Statement of Accounts are expected to be completed by the end of June 2025 and Audited by Azets, in line with the 2024/25 arrangements.
- 3.3 The work programme for the Committee is proposed to be as per Appendix A:

4.0 Reasons

4.1 To ensure that Audit and Finance Committee is aware of the work programme and ensure that Members have the opportunity to request any training or briefing around upcoming items.

5.0 Risks

5.1 Risk Management is reported to the Committee regularly.

6.0 Implications/Consultations

Community Safety

No

Data Protection

Data Protection reports and policies will be brought before the Committee as appropriate.

Equalities

No

Environmental Sustainability

No

Financial

The report details the Committee's responsibilities in relation to finance.

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

Legal requirements are noted in the report summaries in the table in this report.

Specific Wards

No

7.0 Background papers, appendices, and other relevant material

7.1 Appendix A – Updated Work Programme

Contact Officer

Mathew Crosby, Interim Head of Strategic Finance

Contact Tel No: 01279 502006

mathew.crosby@eastherts.gov.uk

Report Author

Mathew Crosby, Interim Head of Strategic Finance

mathew.crosby@eastherts.gov.uk

Committee	Author	Report Title	Report Summary
Audit & Governance Committee Feb-25	Alison Street	Financial Management 2024/25 – Quarter 2 Forecast to Year End	To provide Audit and Governance Committee with a copy for information of the Executive Report with the forecast position on revenue spending and the capital programme as at the end of quarter 2.
	Alison Street	Financial Management 2024/25 – Quarter 3 Forecast to Year End	To provide Audit and Governance Committee with a copy for information of the Executive Report with the forecast position on revenue spending and the capital programme as at the end of quarter 3.
	Nicola Munro	Treasury Management 2024/25 Mid-Year Review	To provide Audit and Governance Committee with a copy of the Treasury Management Mid-Year Review Report so that they can scrutinise the Report
	Lisa Baldock	Procurement Strategy 2024/5 – 2029/30 for scrutiny	Executive Member for Financial Sustainability to present to Audit and Governance Committee the Executive's proposed Procurement Strategy for scrutiny.
	Mathew Crosby	Update to the 2023/24 Accounting Policies	To update the Accounting Policies for 2023/24 and subsequent years, to include Accountign Police Xviii to allow the capitalisation of interest during Construction.
	Nick Jennings	Shared Anti-Fraud Service Anti-Fraud Plan Progress Report	To present to Audit and Governance Committee the Shared Anti-Fraud Service's progress against the Anti-Fraud Plan 2024/25.
	Nick Jennings	Anti-Fraud Plan	To present to Audit and Governance Committee the Shared Anti-Fraud Service Anti-Fraud Plan for the financial year2025/26.

Committee	Author	Report Title	Report Summary
Audit & Governance Committee March/April 25	Debbie Hanson - EY	Receipt of the Final External Auditor's Audit Results Report 2021/22	In accordance with the Code of Audit Practice (the Code), this report provides a summary of the work the external auditor has carried out during their audit of accounts, the conclusions they have reached and the recommendations they have made to discharge their statutory audit responsibilities to those charged with governance (in this case the Audit and Governance Committee) at the time they are considering the financial statements. In preparing their report, the Code requires them to comply with the requirements of International Standards on Auditing (United Kingdom & Ireland) – ISA (UK&I) - 260 'Communication of Audit Matters to Those Charged With Governance'.
	Debbie Hanson - EY	Receipt of the Final External Auditor's Audit Results Report 2022/23	In accordance with the Code of Audit Practice (the Code), this report provides a summary of the work the external auditor has carried out during their audit of accounts, the conclusions they have reached and the recommendations they have made to discharge their statutory audit responsibilities to those charged with governance (in this case the Audit and Governance Committee) at the time they are considering the financial statements. In preparing their report, the Code requires them to comply with the requirements of International Standards on Auditing (United Kingdom & Ireland) – ISA (UK&I) - 260 'Communication of Audit Matters to Those Charged With Governance'.
	Alison Street	Provisional Outturn 2023/24	To present to Audit and Governance Committee the provisional General Fund Revenue and Capital Outturn. The figures remain provisional until the external auditor has completed the audit.
	Mathew Crosby	Approval of the Statement of Accounts 2023/24	Regulation 10 (1) of the Accounts and Audit Regulations 2015 requires the Statement of Accounts to be approved by a resolution of a committee of the Council, such approval to take place before 30 September immediately following the end of a year, or as soon as practicable after the conclusion of the audit.
	Mathew Crosby	Approval of the Annual Governance Statement 2023/24	To present to Audit and Governance Committee for approval the Annual Governance Statement for incorporation in the Statement of Accounts. Regulation 6 of the Accounts and Audit Regulations 2015 requires the Council to conduct a review, at least once a year, of the effectiveness of its system of internal control and approve an annual governance statement to accompany the statement of accounts.
	Simon Martin	Shared Internal Audit Service Internal Audit Plan Progress Report	To present to Audit and Governance Committee the Shared Internal Audit Service's progress against the Internal Audit Plan 24/25.
	Simon Martin	Internal Audit Plan	To present to Audit and Governance Committee the Shared Internal Audit Service Audit Plan for the financial year 2025/26.

Committee	Author	Report Title	Report Summary
Audit & Governance Committee May-25	Michele Aves	Appointment of Vice- Chairman for 2025/26	Members will vote to appoint the Vice Chairman of the Committee
		Training:	Members are invited to nominate a training topic
	Paul Grady - Azets	External Audit Planning Report 2023/24	To present to Audit and Governance Committee the external auditor's Audit Planning Report. The Committee receives the report on behalf of the Council.
	Paul Grady - Azets	External Audit Planning Report 2024/25	To present to Audit and Governance Committee the external auditor's Audit Planning Report. The Committee receives the report on behalf of the Council.
	Lisa Baldock	Social Value Policy – Priority Themes, Outcomes and Measures	To present to Audit and Governance Committee an update to the Social Value Policy Themes, Outcomes and Measures. A sub report of the Procurement Strategy
	TBC	Leisure Annual Report	To present to Audit & Governance Committee an annual report on leisure so that the Committee can assure Council that the investment in new leisure centres is performing as per the business case and making a return to the council after servicing debt.
	Simon Martin	Annual Assurance Statement and Internal Audit Annual Report	To present to Audit and Governance Committee the Annual Report on Internal Audit Activity for the preceding financial year and the level of assurance on the financial systems. Regulation 6 of The Accounts and Audit Regulations 2015 require the Council, at least once a year, to conduct a review of the effectiveness of its internal audit.
	Tyron Suddes	Data Protection Update	To present to Audit and Governance Committee the progress on data protection policies and practices.
	Steve Sargent	BEAM Trading Update	To present to Audit & Governance Committee an annual report on BEAM (theatre and cinema in Hertford) so that the Committee can assure Council that the investment in new leisure centres is performing as per the business case and making a return to the council after servicing debt.
	Head of Strategic Finance and Property	Strategic Risk Register Monitoring Q4 2024/25 and Annual Review of Risk Management Strategy	To present to Audit and Governance Committee the Strategic Risk Register Monitoring at the end of quarter 4.
Head of Strategic Finance and Property	Audit and Governance Committee Work Programme	To present to Audit and Governance Committee an update on the work programme for the year.	

Committee	Author	Report Title	Report Summary
Audit & Governance Committee Sep-25		Training	Members are invited to nominate a training topic
	Head of Strategic Finance and Property	Provisional Outturn 2024/25	To present to Audit and Governance Committee the provisional General Fund Revenue and Capital Outturn. The figures remain provisional until the external auditor has completed the audit.
	Head of Strategic Finance and Property	Approval of the Statement of Accounts 2024/25	Regulation 10 (1) of the Accounts and Audit Regulations 2015 requires the Statement of Accounts to be approved by a resolution of a committee of the Council, such approval to take place before 30 September immediately following the end of a year, or as soon as practicable after the conclusion of the audit.
	Head of Strategic Finance and Property	Approval of the Annual Governance Statement 2024/25	To present to Audit and Governance Committee for approval the Annual Governance Statement for incorporation in the Statement of Accounts. Regulation 6 of the Accounts and Audit Regulations 2015 requires the Council to conduct a review, at least once a year, of the effectiveness of its system of internal control and approve an annual governance statement to accompany the statement of accounts.
	Alison Street	Financial Management 2025/26 – Quarter 1 Forecast to Year End	To provide Audit and Governance Committee with a copy for information of the Executive Report with the forecast position on revenue spending and the capital programme as at the end of quarter 1.
	Simon Martin	Shared Internal Audit Service Internal Audit Plan Progress Report	To present to Audit and Governance Committee the Shared Internal Audit Service's progress against the Internal Audit Plan 2025/26
	Nick Jennings	Shared Anti-fraud Service Anti-Fraud Plan progress report	To present to Audit and Governance Committee the Shared Anti-Fraud Service's progress against the Anti-Fraud Plan 2025/26.
	Head of Strategic Finance and Property	Strategic Risk Register Monitoring Q1 2025/26	To present to Audit and Governance Committee the Strategic Risk Register Monitoring at the end of quarter 1.
	Ben Wood	Assets of Community Value	To present to Audit & Governance Committee the Register of Assets of Community Value annual update report.
	Head of Strategic Finance and Property	Audit and Governance Committee Work Programme	To present to Audit and Governance Committee an update on the work programme for the year.

Committee	Author	Report Title	Report Summary
Audit & Governance Committee Nov-25		Training: TBD	Members are invited to nominate a training topic
	Jackie Bruce	Annual Infrastructure Funding Statement Report 2024/25	To present to Audit and Governance Committee an update on Section 106 contributions and the council's Annual Infrastructure Funding Statement Report 2024/25
	Jackie Bruce	Annual Infrastructure Funding Statement Report Qtr 2 Update 2025/26	To present to Audit and Governance Committee an update on Section 106 contributions and the council's Annual Infrastructure Funding Statement Report Update at Q2 for 2025/26
	Alison Street	Financial Management 2025/26 – Quarter 2 Forecast to Year End	To provide Audit and Governance Committee with a copy for information of the Executive Report with the forecast position on revenue spending and the capital programme as at the end of quarter 2.
	Paul Grady	External Audit Update 2025/26	To present to Audit and Governance Committee the external auditor's Audit Update Report. The Committee receives the report on behalf of the Council.
	Nicola Munro	Treasury Management 2025/26 Mid-Year Review	To provide Audit and Governance Committee with a copy of the Treasury Management Mid-Year Review Report so that they can scrutinise the Report
	Nicola Munro	Investment Strategy 2026/27 for scrutiny	Executive Member for Financial Sustainability to present to Audit and Governance Committee the Executive's proposed Investment Strategy for scrutiny.
	Nicola Munro	Capital Strategy and Minimum Revenue Provision Policy 2026/27 for scrutiny	Executive Member for Financial Sustainability to present to Audit and Governance Committee the Executive's proposed Capital Strategy and Minimum Revenue Provision Policy for scrutiny.
	Lisa Baldock	Procurement Strategy - Update	Executive Member for Financial Sustainability to present to Audit and Governance Committee the Executive's proposed Procurement Strategy for scrutiny.
	Steve Sargent	BEAM Trading Update	To present to Audit & Governance Committee an annual report on BEAM (theatre and cinema in Hertford) so that the Committee can assure Council that the investment in new leisure centres is performing as per the business case and making a return to the council after servicing debt.
	Simon Martin	Shared Internal Audit Service Internal Audit Plan Progress Report	To present to Audit and Governance Committee the Shared Internal Audit Service's progress against the Internal Audit Plan.
	Nick Jennings	Shared Anti-fraud Service Anti-Fraud Plan progress report	To present to Audit and Governance Committee the Shared Anti-Fraud Service's progress against the Anti-Fraud Plan.
Audit and Governance Committee Work Programme		To present to Audit and Governance Committee an update on the work programme for the year.	

Committee	Author	Report Title	Report Summary
Audit & Governance Committee Jan-26	Alison Street	Budget Scrutiny - Budget 2026/27 and Medium Term Financial Plan 2026-30	Executive Member for Financial Sustainability to present to Audit and Governance Committee the Executive's proposed General Fund Budget and Medium Term Financial Plan for scrutiny.