



Harlow District Council

Statement of Accounts and Annual Governance Statement 2022/23

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NARRATIVE REPORT

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Introduction

Welcome to Harlow District Council's Statement of Accounts for the year ending 31 March 2023.

The Statement of Accounts is a statutory document and provides information on the transactions relating to the provision of services by the Council. Many of the accounting principles used in preparing the Statement of Accounts are complex. This Narrative Report is intended to aid the readers' understanding of the accounts and it provides commentary on issues relating to Harlow as a town and place to live, the most significant aspects of the Council's financial performance, its year-end financial position and its cash flows.

Harlow is an enterprising and compact New Town (post-war) in West Essex at the centre of the UK Innovation Corridor (UKIC). Designed by Sir Frederick Gibberd the town is made up of self-contained local neighbourhoods with a variety of shopping hatches and employment areas.

Harlow is home to Harlow College, The University Centre Harlow and the Sir Charles Kao University Technical College. The town also has a 51-hectare Enterprise Zone (EZ), which is one of the 48 sites across the U.K. selected by Government to provide a platform for economic growth and deliver benefits for business.

The Enterprise Zone investment is being used to develop a new Life Science Park; building on the town's pioneering traditions and bringing jobs to the area.

Harlow retains many of the features, art, cultural and leisure facilities which made it so popular in the post-war years. It has also retained a large proportion of social housing and has the second highest level of council housing in Essex. The Council has prioritised investment in this area to ensure decent homes for all.

Financial Context

The Council has an annual net General Fund expenditure of £11.321 million and through its Housing Revenue Account (HRA) is the landlord for over 9,000 properties and over 2,500 leasehold properties at a gross cost of over £48.579 million. The Council currently delivers an annual capital investment programme of approximately £52,050 million.

The services it provides affect the lives of everybody who lives in, works in or visits Harlow. In response to Government funding cuts the Council has achieved significant savings in its General Fund.

The Council has achieved this whilst managing to protect front line services with partnership working and with the voluntary and private sectors being used wherever possible to maintain access to services.

Over the same period the Council's main Government grant funding to support General Fund services has reduced by 66 percent. The Governments proposed changes to local government funding arrangements have been further delayed, largely due to the outbreak of the pandemic which for Harlow and many other local authorities brings further future uncertainty. However, the Council has a three-year financial strategy setting out how it will balance the books based upon the best information it currently has available to it.

The Council has also made significant savings over the same period in its Housing Revenue Account. Again, this has been achieved whilst improving the standard of housing to meet Government Decency standards, maintaining access to services and improving performance against a backdrop of a four year centrally enforced housing rent reductions policy imposed by the Government.

Financial information, including the Council's budgets, sources of income, and the budget gaps projected by the Council is contained within the Council's Medium Term Financial Strategy. This can be found on the Council's website at: (www.harlow.gov.uk/your-council/spending-and-performance/budget).

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Revenue spending - General Fund 2022/23

Prior to the start of the new financial year each year the Council approves its annual revenue budget. The costs of providing services are monitored against this budget. This budget is also used to determine the Council's budget requirement for Council Tax setting purposes. Throughout the year the budget is reviewed to take account of changing circumstances such as policy changes and the impact of internal and external factors affecting operating cost and income levels.

The Council set a budget for spending on General Fund services in 2022/23 of £11.321 million in February 2022. The Council made a Surplus on the General Fund of £0.412 million after technical adjustments between the accounting and funding basis.

The table below summarises the outturn position for the Council's General Fund.

General Fund Outturn	Original Estimate £'000	Revised Estimate £'000	Actual £'000	Variance to Revised £'000
Council Services				
Chief Executive	10	11	60	49
Communities & Environment	9,570	10,240	10,793	553
Finance	2,787	2,788	2,394	(394)
Governance & Corporate Support	1,476	1,648	1,414	(234)
Housing General Fund	(1,232)	(1,622)	186	1,808
Strategic Growth & Regeneration	2,455	2,170	1,652	(518)
Net Service Expenditure	15,066	15,235	16,499	1,264
Net Interest Payable	280	280	(397)	(677)
MRP	500	500	833	333
Other Operating costs	2,167	2,167	2,112	(55)
Other Operating income	(3,778)	(3,778)	(5,278)	(1,500)
	14,235	14,404	13,769	(635)
Transfers to/(from) Reserves	(2,914)	(3,083)	(6,838)	(3,755)
Net Spending Requirement	11,321	11,321	6,931	(4,390)
Total Funding	(11,321)	(11,321)	(6,519)	4,802
Total (Surplus)/Deficit for the year			412	

General Fund Budget Variations (Actual Against Revised Estimate)

During 2022/23 the Council's total net service expenditure on its General Fund was £16.499 million (£16.622 million 2021/22), which was offset by income from Council Tax and Government Grants. The total net deficit of £412k was made by key variances:

Additional income from Harvey Centre	(£0.767m)
Reduced rent income and site costs in respect of Modus and Nexus	£0.497m
Reduced income from car parks	£0.139m
HTS management charge	£0.521m
Debt financing	(£0.455m)
Other variations	£0.065m

The General Fund Balance as at 31 March 2023 stands at £3.968 million. This continues to compare favourably with the Council's recommended minimum working balance of £2.5 million.

The purpose of the General Fund is to enable the Council to hold sufficient resources to help both protect itself financially into the future and to protect the services it delivers to Harlow.

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Revenue spending - Housing Revenue Account 2022/23

The Housing Revenue Account (HRA) is a ring-fenced account. The HRA separately identifies the Council's statutory landlord function, as a provider of social housing under the Local Government and Housing Act 1989.

The Council set a revised gross expenditure budget of £48.579 million on HRA services, which then was subsequently revised to include £0.294 million of carry forwards from 2021/22. This was offset by a planned revenue income budget of £52.906 million, to leave a planned deficit of £2.656 million.

The following table summarises the updated outturn position:

HOUSING REVENUE ACCOUNT OUTTURN	Original Budget £000's	Revised Estimate £'000	Actual £000s	Variance to Revised £000s
Expenditure				
General Management	12,091	12,296	11,018	(1,278)
Special Services	8,473	8,473	7,778	(695)
Repairs & Maintenance	11,581	11,670	11,216	(454)
Rents, Rates & Taxes and Other Charges	89	89	154	65
Provision for Bad and Doubtful Debts	376	376	227	(149)
Supporting People Transitional Arrangements	5	5	1	(4)
Revenue Contribution to Capital	4,736	4,736	-	(4,736)
Depreciation & Impairment of Non-Current Asset	11,228	11,228	11,110	(118)
Total Spending for Year	48,579	48,873	41,504	(7,369)
Income				
Dwelling Rents	(45,597)	(45,597)	(45,110)	487
Non-Dwelling Rents	(1,132)	(1,132)	(976)	156
Other Rents	(65)	(65)	(79)	(14)
Charges for Services & Facilities	(6,112)	(6,112)	(5,252)	860
Total Income for Year	(52,906)	(52,906)	(51,417)	1,489
Net income for HRA services	(4,327)	(4,033)	(9,913)	(5,880)
Interest payable and similar charges	7,023	7,023	7,289	266
Interest and investment income	(40)	(40)	(548)	(508)
HRA share of Other Operating Income and Expenditure	6,983	6,983	6,741	(242)
Transfer to/(from) Reserves	-	(294)	1,350	1,644
Net (Surplus)/Deficit on HRA at end of 22/23	2,656	2,656	(1,822)	(4,478)

It can be seen from the above table that in 2022/23 the net variation in HRA income and expenditure was a favourable £4.478 million.

Consequently, budgets such as tenant's removal expenses, moving incentives, capital works (including repairs and maintenance) and the ability to fill vacant posts are contributing to the Budget variances (underspend). However, the predominate reason for the favourable variance, was the decision to make no contribution to Capital to safe guard HRA balances.

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Summary of key variances on the HRA include:

- Due to Recruitment complexities (£115k Favourable)
 - Reduction in the number requiring temporary accommodation (contributing to a favourable variance of £744k – within Special Management)
 - Repairs and Maintenance (£454k Favourable)
 - Direct Revenue Financing (£4.736m Favourable)
 - Rents (£629k Adverse)
 - Leaseholder Service charges (£14k Favourable)
 - Other Service charges (£1.129m Adverse)
 - Interest Charges (£266k Adverse) predominantly Internal borrowing
 - Interest on revenue balances (£509k Favourable)
-
- The impact on delivery of work programmes continues to highlight supply chain availability both in terms of work force required to deliver the programme and the ongoing acute shortage of certain building materials, is continuing to have an effect.
 - The most significant variance is in relation to the reduction in direct revenue financing to the core Housing Capital Programme (HCP) which reflects the reprofiling of expenditure required for the 2022/23 capital programme into 2023/24 to protect revenue balances.
 - The council completed 390 homeless assessments and prevented around 33% of households from becoming homeless enabling to assist in securing a home for longer than six months.
 - Following receipt of information from Essex County Council, no pension fund deficit payment was forthcoming in 2022/23 thus realising a £1.323 million favourable variation, however, to assist in mitigating against future years increased costs, it is proposed this sum is transferred into a specific HRA Earmarked Reserve.
 - Repairs and maintenance are predominantly delivered by HTS Property and Environment Ltd (HTS), in addition to some external companies, which provide specialist maintenance services.
 - During the year HRA assets were revalued by the Council's valuers and property values were higher than last year that has required the reversal of previous impairments impaired in line with proper valuation practice. The reversal of previous impairments have been reversed through the HRA Income and expenditure account then reversed out with an adjustment to the Capital Adjustment Account so there is no direct benefit to the HRA.

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Capital spending 2022/23

In its capital investment programme aligned with both General Fund and Housing services, the Council incurred expenditure totalling £52.050 million in 2022/23 against an approved programme of £62.180million. Schemes to the value of £9.974 million are to be carried forward for works due to be undertaken or completed during 2023/24.

Housing schemes included:

Housing Capital Programme	Expenditure £000s
Core Programme	
HTS	10,648
External Works	2,941
Damp & Structural Works	723
Other Works	745
Fire Safety & Compliance	5,243
Energy Efficiency Works	588
Housing IT	259
Total Core Programme	21,147
New Build Programme	1,927
Total Housine Capital Programme	23,074
Financed by:	
Direct Revenue Contribution	-
Major Repairs Reserve	11,110
1-4-1 Capital Receipts	56
Capital Receipts	1,693
Other grants and contributions	1,004
Borrowing	9,211
Total Funding	23,074

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Non-housing schemes included:

Non-Housing Capital Programme	Expenditure £000s
Property Services	
Latton Bush Centre	127
Commercial Properties	59
Highways & Car parks	77
Drainage Work	58
Community Buildings	136
Other Public Schemes	118
Civic centre	61
Garage Refurbishments	297
Total Property Services	933
Other Services	
Communities & Environment	1,626
Governance	86
Strategic Growth & Regeneration	1,430
Total Core Programme	4,075
Enterprise Zone	1,888
GF New Build	36
Towns Fund	189
Acquisition of Harvey Centre	22,382
Programme of Development	406
Total Specific Projects	24,901
Total Non-Housing Capital Programme	28,976
Financed by:	
Capital Receipts	805
Direct Revenue Contribution	316
Other grants and contributions	3,126
Borrowing	24,729
Total Funding	28,976

Harlow Innovation Park

In 2015/16 the Council acquired land at London Road as part of the Harlow Enterprise Zone.

Over the period 2018 – 2021 construction work has delivered three core buildings – Arise (owned and occupied by Anglian Ruskin University) along with Nexus and Modus both owned by Harlow Council and delivered as part of the councils wider Regeneration programme.

£1.96m was secured from the Getting Building Fund (Via SELEP) towards the total cost of the Modus development. This allowed for redirected funding for the central services area of the park

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for development of the central Café/meeting space and public realm additions, to significantly improve the attractiveness of the park to tenants and staff members.

Additionally, £1.6m was also secured from the Getting Building Fund to allow for fit-out works of the Nexus building. These new units are now being marketed with an initial unit currently being negotiated with a tenant at the time of this report being compiled.

The Modus Development has been highly successful with only one of the four units remaining vacant by the end of 2022/23 and expectations that the final unit will secure a tenant in the early part of 2023/24..

The Central Hub area of the park, including the development of a new café facility progressed well during 2022/23 with the Café build and landscaping due to complete in the first half next year.

Following the successful award of £290,000.00 of Garden Town Capacity Funding to HGGT, design work has commenced for the establishment of sustainable transport elements at New Hall & Harlow Innovation Park. These include a Transport Hub, Pedestrian connection to Kao Park and Public Right of Way upgrades. This project is due for completion by April 2023.

Internal Capital Financing

The Council can borrow to fund capital expenditure where prudent and affordable to do so, either from external sources such as the Public Works Loan Board, or from internal resources (known as internal borrowing which is a temporary measure).

Funding the Capital Programme

In 2022/23 the total capital programme was £52.050 million (General Fund £28.976 million and Housing Capital Programme £23.074 million). The breakdown of the financing can be found within the Capital Spending tables above. The Complete Programme and its financing are shown in the table below.

Capital Programme	Expenditure £000s
Housing Capital Programme	23,074
Non Housing Capital Programme	28,976
Total Capital Programme	52,050
Financed by:	
Capital Receipts	805
Capital Receipts (HRA)	1,749
Direct Revenue Contribution	316
Major Repairs Reserve	11,110
Other grants and contributions	4,130
Borrowing (HRA)	9,211
Borrowing	24,729
Total Funding	52,050

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Borrowing Facilities

The Council's normal source of external borrowing is the Public Works Loans Board (PWLB), a division of HM Treasury and a facility unique to the public sector. Whilst the projections for the non-housing capital programme are for an underlying need to borrow, the Council's policy is to use the proceeds from the sale of assets (referred to as capital receipts) as its first funding source to fund the programme. Proceeds from sales remain limited due to present economic conditions and their impact on the property market.

The Council has again decided to borrow internally supported by short term cash flow borrowing where required. Future capital receipts will be used to offset this internal borrowing. In the medium term the financial strategy assumes there will be a need to borrow externally as the disposal of assets and associated receipts become fewer and less predictable.

Current Assets and Current Liabilities

The level of current assets reported in the balance sheet has decreased from £64.295 million at 31 March 2022 to £40.316 million as at 31 March 2023, an decrease of £23.979 million. The most significant movements were:

- An decrease in cash and cash equivalents of £11.313 million.
- a reduction in the level of short-term debtor balances of £12.640 million.

Current liabilities have decreased from £50.750 million at 31 March 2022 (Restated) to £45.303 million as at 31 March 2023, an decrease of £5.447 million. This is largely represented by an increase in short term Borrowing of £21.998 million due to the Acquisition of the Harvey Centre and a decrease in sundry creditors, as shown the financial statements.

Other Long-Term Liabilities - Pension Fund

Pension Fund liabilities have reduced from £17.758 million as at 31 March 2022 as a Net Liability to £60.463 million as at 31 March 2023 as a Net Asset. This reduction is based on the Council's Actuarial assessment of pension assets compared to liabilities.

COVID-19 and Going Concern

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.

The Council had carried out a detailed assessment of the likely impact of COVID-19 on its financial position and performance during 2022/23 to consider the ongoing impact and implications on the council and beyond. This included consideration of the following:

- Loss of income on a service by service basis, due to temporary closures, reduction in demand, and increased collection losses.
- Changes to Government policy, e.g. changes to business rate reliefs, guidance on supplier relief, additional funding for local authorities, and additional responsibilities which sit alongside this.
- The impact on the Council's capital programme, e.g. delays caused by Government restrictions, and whether there is a need to re-phase work for other reasons.
- The impact of all of the above on the Council's cash flow and treasury management, including availability of liquid cash impact on investment returns, and availability of external borrowing if required.

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- The estimated overall impact on the Council's General Fund reserves.

The 2023/24 budget process has included changes to operational and corporate budgets as necessary and as set out in the public reports presented to Cabinet and Council in February 2023.

In 2020/21 the Council has set aside a specific Covid Resilience Reserve of £1.5million to help support its activities and any impacts resulting from further Covid restrictions. As at 31st March 23 the balance remaining in the Reserve is £0.158million.

There is headroom within the General Fund to absorb any further financial impact of COVID-19 in the short to medium-term and in addition there remains a Budget Resilience Reserve to further mitigate against unforeseen issues in year.

Performance Management

Central Government requires all Councils to collect and report data relating to their function as a Local Authority in areas such as waste, planning, benefits and housing.

The Council monitors its performance against its Corporate Priorities, Principles and Goals through its Performance Management Framework. The Framework sets out the mechanisms for performance management within the Council, which utilises a range of tools to assist staff and Councillors in gathering and reporting on its performance data. Outcomes are formally reported to Councillors in structured Joint Finance and Performance Reports (JFPR), which are presented quarterly to Cabinet.

For example, the JFPR brings together the Council's performance on Key Performance Indicators (KPIs), risk, finance and service milestones. The report illustrates what the Council has achieved in providing its services, the delivery of its Corporate Priorities and Principles; and the management of its finances against its budgets.

The Council's Priorities, Principles, Goals are set out in its Corporate Strategy 2021-2023 available on the Council's website.

To view the Council performance data and reports, please visit our website at <https://www.harlow.gov.uk/your-council/spending-and-performance/performance>

Explanation of the contents of the Statement of Accounts

Set out below are more detailed explanations relating to each of the main core elements of the Statement of Accounts, to aid further your understanding of what each key statement represents and what it can tell you regarding the Council's financial position.

Councils' accounts are prepared in accordance with proper accounting practices defined by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ("The Code"). The Code specifies the accounting principles and practices required to present a 'true and fair' view of a council's financial position, financial performance and cash flows. It requires councils to prepare their financial statements in the manner prescribed by the International Accounting Standards Board (IASB). The IASB sets out the concepts underlying the preparation and presentation of the statements for the benefit of external users of the accounts. However, if an accounting treatment is prescribed by law, it overrides accounting concepts set by the IASB, if different.

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Statement of Responsibilities

Councils are required to set out the respective responsibilities of the Council and of the Deputy Chief Executive and Director of Finance (Section 151 Officer) in relation to the accounts.

Movement in Reserves Statement

This shows the movement in the different reserves held by the Council during the year. These are analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. It shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax (or rents) for the year. The Net Increase/Decrease line shows the statutory General Fund and Housing Revenue Account Balance movements in the year following those adjustments.

Comprehensive Income and 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 and rents. The Council raises taxation and rents to cover expenditure in accordance with statutory requirements; this may differ from the accounting cost. The taxation position is shown in both the Movement in Reserves Statement and the Expenditure and Funding Analysis.

Balance Sheet

The Balance Sheet shows the value of assets and liabilities recognised by the Council. The net assets (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category is usable reserves - 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 which can only be used to fund capital expenditure or repay debt). The second category is unusable reserves - those that the Council is not able to use to provide services. It includes reserves that hold unrealised gains and losses (such as the Revaluation Reserve), where amounts would only become available to provide services if the assets were 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

This statement shows the changes in cash and cash equivalents of the Council during the year. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities indicates the extent to which the operations of the Council are funded by way of taxation and grant income or from the users 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 to the Council (i.e. borrowing).

Expenditure and Funding Analysis

The analysis shows how funding available to the Council for the year (from Government grants, rents, Council Tax and Business Rates) has been used in providing services compared to those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the

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Council's services. The income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Housing Revenue Account (HRA)

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

Collection Fund Accounts

The Collection Fund is an "agent's" statement reflecting the Council's statutory obligation as a billing authority 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 Non-Domestic Rates (NDR, also known as Business Rates).

Group Accounts

The Code requires local authorities to consider all their interests with external bodies and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. Harlow Council is the sole shareholder in the HTS (P&E) Ltd. Company and group financial statements have therefore been included within the Statement of Accounts in accordance with IFRS 10. The Group Accounts comprise the Movement in Reserves Statement; the Comprehensive and Income Expenditure Statement; the Balance Sheet; the Cash Flow Statement and associated notes.

In Conclusion

I would like to thank finance staff and the staff in other service areas for their work in preparing these Statements. I hope the information is helpful in allowing you to have a clear understanding of how the Council's money has been spent in 2022/23.

If you would like to find out more about the Council's finances, including its budgets and earlier years' accounts, you can:

- visit our website at www.harlow.gov.uk/your-council/spending-and-performance
- contact me by e-mail at jacqui.vanmellaerts@harlow.gov.uk
- write to me at:

Harlow District Council
Civic Centre
The Water Gardens
Harlow
Essex
CM20 1WG

SIGNED BY
Jacqueline Van Mellaerts CPMA
Assistant Director – Finance and Section 151 Officer
11 December 2024



STATEMENT OF ACCOUNTS 2022/23

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 Section 151 Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Section 151 Officer's Responsibilities

- The Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the CODE).

In preparing this Statement of Accounts, the Section 151 Officer has:

- selected suitable accounting policies and applied them consistently
- made judgements and estimates that were reasonable and prudent, and
- complied with the CIPFA Code of Practice on Local Authority Accounting.

The Section 151 Officer has also

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

Certification by the Section 151 Officer

The Statement of Accounts presents a true and fair view of the financial position of Harlow District Council as at 31 March 2023 and of its expenditure and income for the year ended 31 March 2023.

The unaudited accounts were issued on 27 July 2023 and, when audited the accounts are due to be presented to the Council's Audit and Standards Committee for review, immediately prior to being authorised and issued for publication.

Signed
By

Date 11 December 2024

Jacqueline Van Mellaerts CPFA
Assistant Director – Finance and Section 151 Officer

Signed
By

Date 11 December 2024

Councillor Matthew Saggars
Chair of Audit and Standards Committee



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 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 (CIES). 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 2022/23	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Earmarked HRA Reserves £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
	Balance at 1 April 2022 Brought Forward	(4,380)	(32,071)	(11,987)	(4,709)	(18,482)	-	(5,143)	(76,772)	(679,617)	(756,389)
	Adjustments to opening Balances										
	Restatement							-	-	-	-
	Adjusted Balance as at 1st April 2022 Bfwd	(4,380)	(32,071)	(11,987)	(4,709)	(18,482)	-	(5,143)	(76,772)	(679,617)	(756,389)
CIES	(Surplus)/Deficit on Provision of Services	10,314		(12,059)		-			(1,745)		(1,745)
CIES	Other Comprehensive Expenditure and Income								-	(103,458)	(103,458)
CIES	Total Comprehensive Expenditure and Income	10,314	-	(12,059)	-	-	-	-	(1,745)	(103,458)	(105,203)
	Transfer of recharges from General to HRA	(4,701)		4,701					-		
7	Adjustments between Accounting Basis and Funding Basis under Regulations	4,826		4,186		(7,913)	-	2,466	3,565	(3,565)	-
	Net (Increase)/Decrease before Transfers to Reserves	10,439	-	(3,172)	-	(7,913)	-	2,466	1,820	(107,023)	(105,203)
19	Transfer to/from Earmarked Reserves	(10,028)	10,028	1,350	(1,350)				-	-	-
	(Increase)/Decrease in Year 2022/23	411	10,028	(1,822)	(1,350)	(7,913)	-	2,466	1,820	(107,023)	(105,203)
	Balance at 31 March 2023 Carried Forward	(3,969)	(22,043)	(13,809)	(6,059)	(26,395)	-	(2,677)	(74,952)	(786,640)	(861,592)

MIRS – Comparator 2021/22

Note	(Restated) Movements in Reserves during 2021/22	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Balance at 1 April 2021 Brought Forward	(2,993)	(38,763)	(15,217)	(4,555)	(10,500)	(1,769)	(3,729)	(77,526)	(596,198)	(673,724)
	Adjustments to opening Balances										-
	Adjusted Balance as at 1st April 2021 Bfwd	(2,993)	(38,763)	(15,217)	(4,555)	(10,500)	(1,769)	(3,729)	(77,526)	(596,198)	(673,724)
CIES	(Surplus)/Deficit on Provision of Services	7,152		(9,376)		-		-	(2,224)		(2,224)
CIES	Other Comprehensive Expenditure and Income								-	(80,441)	(80,441)
CIES	Total Comprehensive Expenditure and Income	7,152	-	(9,376)	-	-	-	-	(2,224)	(80,441)	(82,665)
	Transfer of recharges from General to HRA	(4,316)		4,316					-		
7	Adjustments between Accounting Basis and Funding Basis under Regulations	2,469		8,136		(7,982)	1,769	(1,414)	2,978	(2,978)	-
	Net (Increase)/Decrease before Transfers to Reserves	5,305	-	3,076	-	(7,982)	1,769	(1,414)	754	(83,419)	(82,665)
19	Transfer to/from Reserves	(6,692)	6,692	154	(154)			-	-	-	-
	(Increase)/Decrease in Year 2021/22	(1,387)	6,692	3,230	(154)	(7,982)	1,769	(1,414)	754	(83,419)	(82,665)
	Balance at 31 March 2022 Carried Forward	(4,380)	(32,071)	(11,987)	(4,709)	(18,482)	-	(5,143)	(76,772)	(679,617)	(756,389)

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

Major Repairs Reserve

Holds the charge, to the Housing Revenue Account (HRA), equal to depreciation, for the purpose of future repairs and maintenance. The item 8 Determination, issued by the MHCLG on 24 January 2017, confirmed that depreciation should be charged to the HRA in accordance with proper accounting practices. Previously transitional arrangements allowed for the reversal of depreciation charged to the HRA.

Housing Revenue Account

Is a ring-fenced account specifically recording expenditure and income on running the Council's own housing stock and closely related services, for the benefit of the Council's own tenants. The Housing Revenue Account (HRA) separately accounts for the Council's statutory landlord function, as a provider of social housing under the Local Government and Housing Act 1989.

Housing Revenue Account – Earmarked Reserves

Holds amounts set aside specifically for contingencies and cash flow management relating to the Housing Revenue Account (HRA).

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2021/22 Restated				Note	2022/23		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
212		212	Chief Executive		262	-	262
14,959	(6,205)	8,754	Communities & Environment		16,683	(6,807)	9,876
44,089	(25,585)	18,504	Finance		33,989	(28,360)	5,629
5,887	(486)	5,401	Governance & Corporate Support		6,504	(469)	6,035
9,400	(7,066)	2,334	Housing General Fund		9,888	(8,476)	1,412
3,979	(858)	3,121	Strategic Growth & Regeneration		3,359	(1,913)	1,446
36,502	(48,768)	(12,266)	Housing HRA		35,563	(51,116)	(15,553)
115,028	(88,968)	26,060	Cost of Services		106,248	(97,141)	9,107
		(3,808)	Other Operating Expenditure	8			(3,486)
		8,025	Financing and Investment Income and Expenditure	9			7,051
		(32,501)	Taxation and Non-specific Grant Income	10			(14,417)
		(2,224)	(Surplus)/Deficit on Provision of Services				(1,745)
		(28,728)	(Surplus)/ Deficit on Revaluation of Property, Plant and Equipment Assets				(88,666)
		(326)	(Surplus)/ Deficit on Revaluation of Available for Sale Financial Assets				358
		(51,387)	Actuarial (Gains)/ Losses on Pension Assets and Liabilities				(15,150)
		(80,441)	Other Comprehensive Income and Expenditure				(103,458)
		(82,665)	Total Comprehensive Income and Expenditure				(105,203)

Note: the 2021/22 Costs of Services have been restated – following a restructure of the services with 2022/23

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'.

Restated 2021/22 £'000		Note	2022/23 £'000
960,893	Property, Plant and Equipment	11	1,082,178
1,737	Heritage Assets	12	1,751
1,373	Investment Property	13	1,259
410	Intangible Assets	14	728
4,683	Long Term Investments		4,325
5,134	Long Term Debtors	36	2,332
974,230	Long Term Assets		1,092,573
2,243	Assets Held for Sale		3,044
45	Inventories		52
28,698	Short-Term Debtors	16	14,774
33,309	Cash and Cash Equivalents	17	21,996
64,295	Current Assets		39,866
(81)	Short-term Borrowing		(22,079)
(48,512)	Short-term Creditors	18	(21,314)
(2,157)	Short-term Provisions		(1,648)
(50,750)	Current Liabilities		(45,041)
(152)	Long-term Creditors		(50)
(213,145)	Long-term Borrowing		(212,936)
(17,758)	Net Pension Liability	32	(5,805)
(331)	Grants Receipts in Advance - Capital	28	(7,016)
(231,386)	Long Term Liabilities		(225,807)
756,389	Net Assets		861,591

(4,380)	General Fund Balance	MIRS	(3,969)
(11,987)	Housing Revenue Account Balance	MIRS	(13,809)
(32,071)	Earmarked Reserves - General Fund	19	(22,043)
(4,709)	Earmarked Reserves - HRA	19	(6,059)
(18,482)	Capital Receipts Reserve	MIRS	(26,395)
(5,143)	Capital Grants Unapplied Account	MIRS	(2,677)
-	Major Repairs Reserve	MIRS	-
(76,772)	Usable Reserves		(74,952)
(471,555)	Revaluation Reserve	20.1	(552,758)
(233)	Financial Instruments Revaluation Reserve	20.2	125
(231,969)	Capital Adjustment Account	20.3	(237,463)
(777)	Deferred Capital Receipts		(851)
3	Financial Instruments Adjustment Account	20.4	5
17,758	Pensions Reserve	20.5	5,805
176	Accumulated Absences Account	20.6	160
6,980	Collection Fund Adjustment Account	20.7	(1,662)
(679,617)	Unusable Reserves	20	(786,639)
(756,389)	Total Reserves		(861,591)

The unaudited accounts were issued on 27 July 2023 and are replaced with the accounts above
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 2023 and its income and expenditure for the year ended 31 March 2023.

SIGNED BY:

Jacqueline Van Mellaerts CPFA
Assistant Director – Finance and Section 151 Officer

11 December 2024

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.

2021/22 Restated £'000		Note	2022/23 £'000
2,113	Net Surplus or (Deficit) on the Provision of Services	CIES	1,745
45,932	Adjust to Surplus or Deficit on the Provision of Services for Non Cash Movements		11,472
(15,585)	Adjust for Items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities		(2,708)
32,460	Net Cash flows from Operating Activities	21	10,509
(9,421)	Investing Activities	22	(39,803)
1,422	Financing Activities	23	17,981
24,461	Net Increase or Decrease in Cash and Cash Equivalents		(11,313)
8,848	Cash and Cash Equivalents at the beginning of the Reporting Period		33,309
33,309	Cash and Cash Equivalents at the End of the Reporting Period		21,996

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1. ACCOUNTING POLICIES

i. General Principles

The Statement of Accounts summarises the Council's financial transactions for 2022/23 and its position at 31 March 2023. The Accounts and Audit (Amendment) Regulations 2022 require the Council's accounts to be prepared in accordance with proper accounting practices, namely the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Statement of Accounts has been prepared on a 'going concern' basis.

ii. Recognition of Income and Expenditure

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

Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

Government grants and third-party contributions are recognised when there is reasonable assurance that the Council will comply with any conditions attached to the payments, and that the grants or contributions will be received. Where conditions attached to grants or contributions have not been satisfied, monies received to date are carried in the Balance Sheet as creditors and credited to the Comprehensive Income and Expenditure Statement (CIES) when the conditions are satisfied. Where capital grants are credited to the CIES 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 capital expenditure.

Supplies are recorded as expenditure when they are consumed. If there is a gap between the date supplies are received and their consumption, they are carried as inventories in the Balance Sheet. Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

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. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable on notice of not more than 24 hours demand without material penalty. Cash equivalents are highly liquid investments that mature in three months or less and that are readily convertible to known amounts of cash with low risk of a change in value.

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

iv. Collection Fund

The Collection Fund shows the transactions of the billing authority in relation to the collection from taxpayers and the distribution to local authorities, central government and precepting bodies of council tax and non-domestic rates (NDR). There is no requirement for a separate Collection Fund Balance Sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the bodies (i.e. major preceptors, the billing authority and the Government).

The Collection Fund is effectively an agency account from which income, expenditure and balance sheet transactions are apportioned between the Council, central government and precepting bodies.

The council tax and NDR income included in the CIES is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR which must be included in the Council's General Fund. As a result, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and is included as a reconciling item in the Movement in Reserves Statement. The Balance Sheet includes the Council's share of the year-end balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

v. Employee Benefits

Short-term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid on a monthly basis and reflected as expenditure in the relevant service line in the CIES.

Termination Benefits

When the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy, these costs are charged on an accruals basis to the respective service line in the CIES.

Post-Employment Benefits

Council employees are members of the Local Government Pensions Scheme (LGPS), administered by Essex County Council. The scheme provides defined benefits (retirement lump sums and pensions) to members, earned whilst employees are working for Council.

The LGPS is accounted for as a defined benefits scheme

- The liabilities of the Essex County Council Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of future earnings for current employees.
- The assets of Essex County Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value.

The change in the net pension liability is analysed into its components:

- Service Cost: the increase in liabilities as a result of years of service earned this year (current service cost) is allocated in the CIES to the services for which the employees worked. Past service cost is a change to the defined benefit obligation resulting from a scheme amendment or curtailment. The Council's accounts also recognise a gain or loss on settlement when the settlement occurs. The settlement is deemed to occur when the Council enters into a transaction which eliminates all further obligations for part or all of the benefits provided under the scheme.

- Net interest on the net defined benefit liability: the expected increase in the present value of liabilities during the year as they move one year closer to being paid offset by the interest on assets which is the interest on assets held at the start of the year and cash flows occurring during the period. The result is debited to the Financing and Investment Income and Expenditure line in the CIES.
- Remeasurements: these comprise the return on plan assets excluding amounts included in net interest and actuarial gains and losses (changes in the net pension liability which arise because actuaries have updated their assumptions). These are charged to the CIES as Other Comprehensive Income and Expenditure.
- Contributions paid to the Essex County Council 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 notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits

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

vi. Harlow Trading Services (Property and Environment) Ltd. (HTS)

HTS is a wholly owned company of the Council providing a range of environmental and property maintenance services in the district. Its accounting policies are not materially different to those of the Council and the appropriate elements of its accounts are included in the group accounts. HTS is an admitted body to the Local Government Pension Scheme referred to in paragraph (v). As such, HTS makes fixed contributions to the pension fund and its employees in the scheme are entitled to the post-employment benefits from the scheme. The Council makes further contributions to the fund in respect of HTS employees to ensure that the pension liability attributable to HTS is fully funded. As such, that pension fund liability is included in the pension disclosures in the single entity accounts of the Council.

vii. Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of the instrument.

Financial Liabilities

Financial liabilities are initially measured at fair value and are carried at amortised cost. For the Council's borrowings this means that the amount presented in the Balance Sheet is the outstanding principal repayable plus accrued interest. Interest charged to the CIES is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets classed as loans and receivables are initially measured at fair value (except for trade receivables which are measured at transaction price) and are carried at amortised cost.

For the Council this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus accrued interest. Interest credited to the CIES is the amount receivable for the year in the loan agreement. Financial assets at Fair Value through Profit and Loss are carried at fair value. Changes in fair value are credited to the CIES. Financial assets are subsequently measured to reflect any impairment loss, if material, based on the probability of loan or receivable defaults.

viii. Leases

Leases are classified as finance leases where their terms transfer substantially all the risks and rewards of ownership of the asset from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately.

The Council as Lessee

Finance Leases

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

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

Operating Leases

Rentals paid under operating leases are charged to the CIES as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal and replaced by a long-term debtor in the Balance Sheet valued on the future income due under the finance lease.

Operating Leases

Where the Council grants an operating lease over an asset, this is retained on the Balance Sheet. Rental income is recognised in the CIES on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a premium paid at the commencement of the lease).

ix. Overheads and Support Services

The costs of overheads and support services are charged to services in accordance with the Council's arrangements for accountability and financial performance.

x. Property, Plant and Equipment

Recognition

Expenditure of £5,000 or more on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost. This comprises the purchase price and any costs attributable to bringing the asset to an operational condition. The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a cash inflow or improved service potential for the Council). Where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – historical cost
- council housing – fair value based existing use value for social housing (EUV-SH)
- surplus assets – current value estimated at highest and best price reasonably achievable in the current market less estimated costs to sell.
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. For non-property assets that have short useful lives, or low values (or both), depreciated historical cost is used as an estimate of fair value.

Assets included in the Balance Sheet at current value are re-valued where there have been material changes in the value and, as a minimum, every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service. Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains),
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material,

the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Disposals

When an asset is disposed of or is decommissioned the carrying amount of the asset on the Balance Sheet is written off to the CIES, alongside any receipts from the disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. All sale proceeds in excess of £10,000 are classed as capital receipts.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets which are under construction and not yet available for use (i.e. assets under construction). Depreciation is calculated on the following bases:

- council houses and other buildings – straight-line allocation over the useful life of the property as estimated by a qualified valuer
- vehicles, plant, furniture and equipment – straight-line allocation over the life of the asset, as advised by a suitably qualified officer
- infrastructure – straight-line allocation over 40 years.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Componentisation

Componentisation is the separate recognition of different parts of an asset, with different remaining useful lives and calculations of depreciation. The Council's external valuers, Wilks Head and Eve, give a single valuation for each asset by applying a weighted average remaining useful life. This gives a single asset register entry and one depreciation amount for all components.

xi. Intangible Assets

Recognition

Expenditure on the acquisition, creation or enhancement of intangible assets (computer software and software licenses) is capitalised on an accrual's basis, provided that the future economic benefits or service potential associated with the item will flow to the Council and, in the case of internally generated software, where it can be demonstrated that the project is technically feasible and that management is committed to its completion.

Measurement

Intangible assets are measured initially at cost and are revalued if a fair value can be determined by reference to an active market. Otherwise, assets are carried at amortised cost. Amortisation is on a straight-line basis over the asset's useful life. Where an asset is impaired, losses recognised are posted to the relevant service line(s) in the CIES. Any gain or loss arising from the disposal or removal of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

xii. Non-current Assets Held for Sale

Property assets where a disposal is highly probable within the next 12 months and the asset is available for sale in its present condition are classified as assets held for sale. Management must be committed to the sale within one year from the date of classification. Depreciation is not charged on assets held for sale.

When an asset is disposed of, the carrying amount in the Balance Sheet is written off to the CIES as part of the gain or loss on disposal. Receipts from disposals are also credited to the same line in the CIES. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Receipts from disposals in excess of £10,000 are categorised as capital receipts. The net loss or gain on disposal is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing.

xiii. Investment Property

Investment properties are those which are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value. Properties are not depreciated but are revalued annually according to market conditions at the balance sheet date. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the CIES. They are then transferred, via the Movement in Reserves Statement, to the Capital Adjustment Account.

xiv. Provisions and Contingent Liabilities

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation likely to require settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation.

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

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities are not recognized in the balance sheet but disclosed in a note to the accounts.

xv. Reserves

The Council sets aside specific amounts as earmarked reserves for future policy purposes and to cover contingencies (such as self-financing insurance cover). The Council also has a range of perpetuity reserves, which were established using historical funds paid to the Council as part of property transactions. The funds are used for the ongoing maintenance of specific land, common buildings, and estates. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Where grants have been received by the Council for specific expenditure in future years, the sums are held in earmarked grants reserves and carried over to subsequent accounting periods. Where the Council has accrued for the receipt of non-domestic rates safety net payments from Central Government the amounts are set aside in an earmarked reserve to finance related expenditure in the following accounting period.

Certain reserves (Unusable Reserves) are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Council – where appropriate these reserves are explained in the relevant policies.

xvi. Revenue Expenditure Funded from Capital under Statute

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 CIES in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

xvii. Value Added Tax (VAT)

VAT payable is included in the accounts, whether of a revenue or capital nature, only to the extent that it is not recoverable.

xviii. Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments, such as property investment fund holdings, 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 or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act 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.

2. EXPENDITURE AND FUNDING ANALYSIS

2021/22 (Restated)				2022/23		
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
209	3	212	Chief Executive	249	13	262
6,733	2,021	8,754	Communities & Environment	8,166	1,710	9,876
18,261	243	18,504	Finance	5,437	192	5,629
4,516	885	5,401	Governance & Corporate Support	5,019	1,016	6,035
(57)	2,391	2,334	Housing General Fund	(880)	2,292	1,412
2,720	401	3,121	Strategic Growth & Regeneration	1,046	400	1,446
(24,015)	11,749	(12,266)	Housing HRA	(25,725)	10,172	(15,553)
8,367	17,693	26,060	Net Cost of Services	(6,688)	15,795	9,107
14	(28,298)	(28,284)	Other Income and Expenditure	13,955	(24,807)	(10,852)
8,381	(10,605)	(2,224)	Surplus or Deficit	7,267	(9,012)	(1,745)
(61,528)			Opening General Fund and HRA Balance	(53,147)		
8,381			Surplus/(Deficit) on General Fund and HRA in year	7,267		
(53,147)			Closing General Fund and HRA Balance	(45,880)		

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.

Amounts of the adjustments are in the following tables.

Adjustment between Funding and Accounting Basis

2022/23	Adjustments for capital Purposes £'000	Net change for the Pensions Adjustment £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive	-	(10)	(3)	(13)
Communities & Environment	(953)	(762)	5	(1,710)
Finance	-	(201)	9	(192)
Governance & Corporate Support	(408)	(606)	(2)	(1,016)
Housing General Fund	(1,884)	(404)	(4)	(2,292)
Strategic Growth & Regeneration	(130)	(278)	8	(400)
Housing HRA	(9,822)	(353)	3	(10,172)
Net Cost of Services	(13,197)	(2,614)	16	(15,795)
Other Income and Expenditure	16,748	(584)	8,643	24,807
Differences between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	3,551	(3,198)	8,659	9,012

Comparator 2021/22

2021/22 Restated	Adjustments for capital Purposes £'000	Net change for the Pensions Adjustment £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive	-	-	(3)	(3)
Communities & Environment	(1,200)	(771)	(50)	(2,021)
Finance	-	(216)	(27)	(243)
Governance & Corporate Support	(223)	(642)	(20)	(885)
Housing General Fund	(1,944)	(438)	(9)	(2,391)
Strategic Growth & Regeneration	(34)	(347)	(20)	(401)
Housing HRA	(11,379)	(324)	(46)	(11,749)
Net Cost of Services	(14,780)	(2,738)	(175)	(17,693)
Other Income and Expenditure	26,755	(1,367)	2,910	28,298
Differences between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	11,975	(4,105)	2,735	10,605

Note 2b - Expenditure and Income Analysed by Nature

Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (page 24). The Council's expenditure and income can be analysed as follows:

2021/22 Restated £'000	Nature of Income or Expenditure	2022/23 £'000
	Income	
(60,768)	Fees, Charges and Other Services Income	(65,680)
(398)	Interest and Investment Income	(789)
(10,072)	Income from Council Tax and Business Rates	(9,637)
(50,630)	Government Grants and Contributions	(36,394)
-	Other	-
(121,868)	Total Income	(112,500)
	Expenditure	
22,265	Employee Benefits Expenses	23,110
77,983	Other Services Expenses	70,094
14,781	Depreciation, Amortisation and Impairment	13,197
8,423	Interest Payments	7,840
993	Payment to Housing Capital Receipts Pool	-
(4,801)	Loss / (Gain) on the Disposal of Assets	(3,486)
119,644	Total Expenditure	110,755
(2,224)	Surplus/Deficit on the Provision of Services	(1,745)

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in pages 29 to 36, the Council has had to make certain judgements about complex transactions, or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- Employees of the Council's wholly owned subsidiary, Harlow Trading Services (HTS) (Property and Environment) Ltd., are members of the Local Government Pension Scheme which is a defined benefit scheme. The Council has guaranteed any future pension liabilities of the company and pays employer's contributions to the scheme, on behalf of the employees, above a level agreed with the company. As such the company makes defined contributions to the scheme. The Council has determined that the arrangement does not constitute a pool for pension reporting purposes and includes its additional contributions in its Consolidated Income and expenditure statement.

- The Council has employed the Weighted Average Remaining Useful Life (WARUL) method in determining the remaining useful life of its council housing stock. The method takes into account the useful lives of various components of the “beacon” properties used in the valuation of the stock. The resulting average useful life of 54 years has been used to calculate the depreciation charge for the year.

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 other 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 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets 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. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £217,000 for Council Dwellings and £552,000 for Other buildings -for every year that useful lives had to be reduced.
Provisions	The Council has based its Provision for Business Rates Appeals on available data regarding checks, challenges and appeals actually lodged with the Valuation Office Agency at the time of making the estimation. Changes to these data, along with case law emerging regarding settlement of appeals at tribunal may create differences between the estimated provision required, and the subsequent actuals.	Should the value of changes and appeals actually settled increase or reduce by 10%, it would be necessary to add or subtract £154,955 to the total amount required, of which £61,982 would be attributable to the Council.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating, primarily, to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Professional actuaries are engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For example, a 0.1% increase in the discount rate assumption would result in a reduction in the pension liability of £2.8 million.
	Harlow Council Accounts include the agreed additional pension contributions but exclude the attributable liabilities of its wholly owned subsidiary Harlow Trading Services (Property and Environment) Limited.	However, the assumptions interact in complex ways. During 2022/23, the Council’s actuaries advised that the net pension liability had reduced by £111.8 million as a result of changes in financial assumptions.
Arrears	At 31 March 2023, the Council had made significant allowances for the impairment of debts, totalling almost £7 million. In the current economic climate, including the effect of housing welfare reforms, it is not certain that the allowance is sufficient.	If the Council’s collection rates were to deteriorate, an increase in the current provisions by 1% would require an extra provision of £70,000.

5. MATERIAL ITEMS OF INCOME AND EXPENDITURE

Revaluation of Council Properties

The Council had its non-current assets valued as at 31 December 2022. A further exercise was undertaken to determine if there had been any material changes in values between that date and 31 March 2023. Movements and balances for non-current assets are shown in Note 11 (page 47).

Council Tax

The Council received £8.074 million from the Collection Fund as its share of Council Tax receipts in 2022/23 (£7.912 million in 2021/22).

Non-Domestic (Business) Rates

The Council received Non-Domestic Rates of £14.788 million under the rate retention system in 2022/23 (£12.245 million in 2021/22). This was offset by a payment under the system of £15.777 million as a tariff (£15.777 million in 2021/22).

Housing Benefits

The Council has incurred spending of £21.436 million on housing benefits in 2022/23 (£24.214 million in 2021/22) and received Government grants of £21.342 million to meet this cost (£23.153 million in 2021/22).

Harlow Trading Services (HTS) (Property and Environment) Ltd.

The Council paid a net amount of £29.396 million to its wholly owned company in 2022/23 (£26.067 million in 2021/22) for the provision of a range of services which include housing property services, grounds maintenance, street cleaning and capital works.

Pensions

The Council paid £2.586 million in 2022/23 (£2.412 million in 2021/22) into the Local Government Pension Scheme in respect of pension costs. The pension fund surplus element was £66.268 million in 2022/23 (£10.853 million deficit in 2021/22). The Council also paid £0.729 million into the Scheme in 2022/23 (£1.878 million in 2021/22) as a contribution in respect of the employees of HTS (Property and Environment) Ltd.

Grants

The Council received a number of material grants during the year and details of these are contained in Note 28.

6. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Deputy Chief Executive and Director of Finance on 27 July 2023. Events taking place after this date are not reflected in the financial statements nor notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.


7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This 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 arrive at the resources that are specified by statutory provisions as being available to the Council to fund future capital and revenue expenditure. The following paragraphs set out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of the 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. It summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Housing Revenue Account (HRA) Balance



The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision. It contains the balance of income and expenditure as defined by legislation that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside for the repayment of debt. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited for use on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied account 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. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Adjustments made between accounting basis and funding basis under regulations

General Fund Balance £'000	Housing Revenue Account £'000	2021/22 Restated Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000		General Fund Balance £'000	Housing Revenue Account £'000	2022/23 Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
(3,781)	(324)				4,105	Adjustments to Revenue Reserves: Amounts by which income and expenditure included in the Comprehensive & Income Statement are different from revenue for the year calculated in accordance with statutory requirements: Pension costs (transferred to/from the Pensions Reserve) Financial Instruments (transferred to the financial instruments adjustment account) Council Tax & NNDR (transfers to/from the Collection Fund Adjustment Account) Holiday pay (transferred to/from the Accumulated Absences Reserve) Reversal of entries relating to capital expenditure (charged to the Capital Adjustment Account): Charges for Depreciation of Non-Current Assets Revaluation Losses on Property, Plant and Equipment Movements in the Market Value of Investment Properties Reverse Impairments in the year from Revaluation Increase Amortisation of Intangible Assets Revenue Expenditure Funded from Capital under Statute Amounts of Non-current Assets written off on disposal or sale as part of the Gain/(Loss) on Disposal to the CIES	(2,844)	(353)				3,197
					-		-	(2)				2
2,912	-				(2,912)		8,642					(8,642)
(130)	(46)				176		13	3				(16)
					-							-
(3,157)	(10,920)				14,077		(3,649)	(11,096)				14,745
(152)	(456)				608		346	1,290				(1,636)
-	-				-		(122)					122
-	11				(11)							-
(93)	(15)				108		(73)	(14)				87
(769)					769		(541)					541
	(5,418)				5,418			(4,551)				4,551
(5,170)	(17,166)	-	-	-	22,336	Total Adjustments to Revenue Resources	1,772	(14,723)	-	-	-	12,951
717	9,501	(10,124)			(94)	Adjustments between Revenue and Capital Resources: Transfer of non-current asset sale proceeds to the Capital/Deferred Receipts Reserve Transfer of capital grants and contributions to capital Payments to the government housing receipts pool Transfer of HRA resources from revenue to the Major Repairs Reserve Statutory provision for the repayment of debt (transfer from Capital adjustment account) Capital expenditure financed from revenue balances	241	7,799	(7,861)		96	(179)
(993)		993			-		(96)					-
	10,920		(10,920)		-			11,110		(11,110)		-
806					(806)		833					(833)
690	4,881				(5,571)		316	-				(316)
1,220	25,302	(9,131)	(10,920)	-	(6,471)	Total Adjustments between Revenue and Capital	1,294	18,909	(7,861)	(11,110)	96	(1,328)
		1,232			(1,232)	Adjustments to Capital Resources: Use of the Capital Receipts Reserve to finance capital expenditure Settlement of Loan written back to Capital Receipts Use of the Major Repairs Reserve to finance capital Application of Capital grants to finance capital expenditure Transfer from Deferred Capital Receipts Reserve upon receipt of cash			2,554			(2,554)
			12,689		(12,689)				(2,500)			2,500
6,419				(1,414)	(5,005)		1,760			11,110	2,370	(11,110)
		(83)			83				(106)			(4,130)
6,419	-	1,149	12,689	(1,414)	(18,843)	Total Adjustments to Capital Resources	1,760	-	(52)	11,110	2,370	(15,188)
2,469	8,136	(7,982)	1,769	(1,414)	(2,978)	Total Adjustments	4,826	4,186	(7,913)	-	2,466	(3,565)

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8. OTHER OPERATING EXPENDITURE

31-Mar-22 Restated £'000		31-Mar-23 £'000
993	Payments to the Government Housing Capital Receipts Pool	-
(4,801)	Net (Gains) on the Disposal of Non-current Assets	(3,486)
(3,808)		(3,486)

9. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

31-Mar-22 Restated £'000		31-Mar-23 £'000
7,056	Interest Payable and similar charges	7,256
1,367	Net Interest on the net defined Benefit Liability (Asset)	584
(229)	Interest (Receivable) and similar income	(697)
(96)	Income and Expenditure in relation to investment properties and changes in their fair value	28
(73)	Other investment income	(120)
8,025		7,051

10. TAXATION AND NON-SPECIFIC GRANT INCOME

31-Mar-22 Restated £'000		31-Mar-23 £'000
(8,269)	Council Tax income	(8,343)
(1,803)	Retained Business Rates	(1,294)
(16,915)	Non-ringfenced Government grants	(4,021)
(5,514)	Capital grants and contributions	(759)
(32,501)		(14,417)

11.PROPERTY, PLANT AND EQUIPMENT

Movements in 2022/23	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infra-structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property Plant and Equipment £'000
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost/Valuation At 1 April 2022	763,134	173,697	10,706	10,821	1,657	1,283	20,002	981,299
Adjustments to opening balance								-
Additions	20,534	25,923	511	413	1,872	15	1,948	51,216
Donations								-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	71,331	9,306	-	-	-	1,478	-	82,116
Revaluation increases/ (decreases) recognised in the Surplus/(Deficit) on the Provision of Services	1,289	343	-	-	-	3		1,635
Reversal of impairments			-	-	-			-
Derecognition - Disposals	(4,551)	-	-	-	-	-	-	(4,551)
Derecognition - Other								-
Assets reclassified	-	-	-	-	-	99	(99)	-
Other movements in cost or valuation	(13,556)							(13,556)
Balance as at 31 March 2023	838,181	209,269	11,217	11,234	3,528	2,879	21,851	1,098,159
Accumulated Depreciation and Impairment: At 1 April 2022	(4,731)	(4,160)	(7,564)	(3,879)	(44)	(25)	(9)	(20,412)
Adjustment to opening balance								-
Depreciation Charge	(11,120)	(2,536)	(627)	(396)	(23)	(10)	-	(14,711)
Depreciation written out to the Revaluation Reserve								-
Depreciation written out to the Surplus/(Deficit) on the Provision of Services								-
Impairments Recognised in S/D								-
Impairments recognised in RR								-
Assets reclassified								-
Other movements in cost or valuation	15,771	3,358				13		19,141
At 31 March 2023	(80)	(3,339)	(8,190)	(4,275)	(66)	(22)	(9)	(15,981)
Net Book Value at 31 March 2023:	838,101	205,930	3,026	6,959	3,462	2,857	21,842	1,082,178

Movements in 2021/22 Restated	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infra-structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost/Valuation								
At 1 April 2021	757,915	147,699	7,632	10,486	1,210	1,267	23,245	949,454
Adjustments to opening balance	(13,795)	12,358	2,519	(5)	(3)	6	(6,334)	(5,254)
Additions	15,089	5,737	555	340	450	-	3,013	25,182
Donations								-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	11,180	8,037	-	-	-	7	-	19,224
Revaluation increases/ (decreases) recognised in the Surplus/(Deficit) on the Provision of Services	(495)	(470)	-	-	-	-	-	(965)
Reversal of Impairments	52	315	-	-	-	3	-	370
Derecognition - Disposals	(4,769)	-	-	-	-	-	-	(4,769)
Derecognition - Other								-
Assets reclassified	(2,044)	-	-	-	-	-	-	(2,044)
Other movements in cost or valuation		21					78	99
Balance as at 31 March 2022	763,134	173,697	10,706	10,821	1,657	1,283	20,002	981,299
Accumulated Depreciation and Impairment:								
At 1 April 2021	(23,667)	(3,577)	(4,493)	(3,498)	(30)	(38)	(2,542)	(37,845)
Adjustment to opening balance	20,890	904	(2,299)	1		21	2,542	22,059
Depreciation Charge	(10,634)	(2,214)	(772)	(382)	(14)	(10)	(8)	(14,034)
Depreciation written out to the Revaluation Reserve	8,660	727				2		9,389
Depreciation written out to the Surplus/(Deficit) on the Provision of Services								-
Impairments Recognised in S/D	9	-			-	-	(1)	8
Impairments recognised in RR								-
Assets reclassified	11	-	-	-	-	-	-	11
Other movements in cost or valuation		-	-	-	-	-	-	-
Balance as at 31 March 2022	(4,731)	(4,160)	(7,564)	(3,879)	(44)	(25)	(9)	(20,412)
Net Book Value at 31 March 2022:	758,402	169,536	3,142	6,942	1,613	1,259	19,993	960,887

11.1 Depreciation

The following useful asset lives and depreciation rates have been used in the calculation of depreciation except in specific cases (for example non-standard construction):

- Council Dwellings – 54 years (same in 2021/22).
- Other Land and Buildings – 4 to 53 years (same in 2021/22).
- Vehicles, Plant, Furniture and Equipment – 5 years (same in 2021/22) .
- Infrastructure – 40 years (same in 2021/22).

11.2 Capital Commitments

As at 31 March 2023 the Council had entered into a number of contracts for enhancement to Property, Plant and Equipment and other assets. The major commitments are:

2021/22 £'000	Scheme	2022/23 £'000
10,350	Housing	2,145
566	New Builds	31
	Other works	484
10,916	Total	2,660

11.3 Revaluations

The Council carries out a rolling program that ensures that all property, plant and equipment required to be measured at current value is revalued at least every five years. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on historic cost as a proxy for current values

Other Land and Buildings – All assets are subject to a 5 year rolling review. Major assets are valued every year.

Surplus Assets – Are valued at fair value.

Council Dwellings - Housing Beacons were valued by Wilks Head and Eve as at 31 December 2022 as part of the valuation process and reviewed as at 31 March 2023. The number of dwellings pending disposal 31 March 2023 was 15, all being pending 'Right To Buy' sales.

The following details set out significant assumptions applied in estimating the fair values of assets:

- Existing Use Value (EUV) is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing. The parties are taken to have acted knowledgeably, prudently and without compulsion.
- Where insufficient market-based evidence of fair value is available because an asset is specialised and/or rarely sold, the Code permits the use of Depreciated Replacement Cost (DRC).

- Existing Use Value - Social Housing (EUV-SH) is the estimated amount for which a council dwelling should exchange on the date of valuation, between a willing buyer and a willing seller, in an arm's-length transaction. There is presumption of proper marketing and that the parties are acting knowledgeably, prudently and without compulsion.
- Market Value (MV) is defined as "The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Carrying value of assets – Based on last valuation date

	Other land and buildings £'000	Vehicle, plant & equipment £'000	Infrastructure assets £'000	Community assets £'000	Surplus Assets £'000	Total £'000
Carried at historical cost		11,217	11,234			
31-Mar-23	149,704	0	0	1,872	2,620	154,195
31-Mar-22	209	0	0	0	0	209
31-Mar-21	1,064	0	0	493	0	1,556
31-Mar-20	46,709	0	0	25	251	46,985
31-Mar-19	229	0	0	172	0	400
Prior to 2019	17,268	0	0	1,030	71	18,369
Gross Book Value	215,181	11,217	11,234	3,590	2,942	221,714

12. HERITAGE ASSETS

Heritage assets held by the Council fall into three categories and are held for their intrinsic value as opposed to potential financial gain. As such, they are unlikely to be sold.

2022/23	Museum Artefacts £'000	Community Heritage Assets £'000	Art Collection £'000	Total £'000
Cost or Valuation				
Balance at start of year	729	22	1,005	1,756
Additions				-
Revaluation Increase/ (Decrease)				0
Recognised in the CIES				-
	729	22	1,005	1,756
Accumulated Depreciation and Impairment				
Balance at start of year	-	(4)		(4)
Depreciation Charged in Year		(1)		(1)
Impairments recognised to CIES				-
Balance at end of year	-	(5)	-	(5)
Balance as at 31 March 2023	729	16	1,005	1,751

Prior Year comparator 2021/22

2021/22 Restated	Museum Artefacts £'000	Community Heritage Assets £'000	Art Collection £'000	Total £'000
Cost or Valuation				
Balance at start of year	729	23	1,290	2,042
Opening balance adjustments			(285)	(285)
Additions				-
Revaluation Increase/ (Decrease)				-
Recognised in the CIES				-
	729	23	1,005	1,757
Accumulated Depreciation and Impairment				
Balance at start of year	-		(19)	(19)
Depreciation Charged in Year		(1)		(1)
Impairments recognised to CIES				-
Balance at end of year	-	(1)	(19)	(20)
Balance as at 31 March 2023	729	22	986	1,737

Artefacts held at the Museum of Harlow

The Council's collection of artefacts is reported on the Balance Sheet at the insurance value as assessed by Lyon and Turnbull in April 2010. These assets are deemed to have an indeterminate life and the Council does not consider it necessary to provide for depreciation. The valuation of any donated items is initially assessed by a responsible officer at the museum and if required, by external valuers. There were no acquisitions or disposals from the collection during 2022/23.

Fine arts including sculpture, civic gifts, and regalia

In Harlow there are various works of art on housing estates and the Council has its own fine art collection including three paintings listed as civic gifts. The assets are carried on the Balance Sheet at an insurance value assessed by Doerr Dallas valuations in May 2020. The value is reviewed every five years. The assets are deemed to have an indeterminate life and the Council does not consider it necessary to provide for depreciation. The insurance value of the artworks and sculptures was assessed by Doerr Dallas Valuations in May 2020 and is reviewed periodically to ensure potential material changes can be reflected

Acquisitions are initially recognised at cost, and donated assets at a valuation provided by external valuers with reference to appropriate commercial markets using the most recent and relevant information from sales at auctions.

Other items include a variety of gifts received through civic visits and three chains of office, which are excluded from the Balance Sheet as they are of low monetary value.

Community heritage assets

These include the bandstand in the Town Park and six war memorials. The Sculpture Trail along the River Stort was established in 2007/08 and includes four freestanding sculptures and a metal and glass walkway which form the three-and-a-half-mile waterside trail along the river linking Parndon Mill Gallery to the Gibberd Garden in Harlow. These items are listed in the fine arts schedule and are deemed to have an indeterminate life, such that the Council does not consider it appropriate to provide for depreciation.

Listed Properties

Archaeological Sites

The Council owns a number of archaeological and historic sites within the town. The Council does not consider that reliable cost information or valuations can be obtained for these sites, the assets lack any comparable market values and cost records do not exist. The cost of providing a balance sheet valuation would be disproportionate to any benefit to the user of the Council's financial statements and therefore is excluded from the balance sheet.

Policy of acquisition, preservation, management and disposal of heritage assets.

Fine arts including sculpture, civic gifts and regalia are acquired by donation and as gifts to the Council. Through the insurance valuation a record is maintained of the art works and sculptures held. In addition the gifts received have been catalogued for reference.

For the museum collections, the museum is accredited to the Museums, Libraries and Archives Council and adopts the policies of this body governing acquisitions, disposals and the appropriate ethical and professional management of the museum and its collections.

By their nature there are few acquisitions or disposals of community heritage assets but the Council has policies to acquire, preserve, manage and dispose of any such assets.

13. INVESTMENT PROPERTIES

2021/22 Restated £'000		2022/23 £'000
1,373	Balance at start of the year	1,373
0	Additions	8
0	Net (losses)/gains from fair value adjustments	(122)
1,373	Balance at end of the year	1,259

2021/22 Restated £'000		2022/23 £'000
(96)	Rental income from Investment Property	(95)
0	Direct operating expenses arising	0
(96)	Net gain/(loss)	(95)

14. INTANGIBLE ASSETS

31-Mar-22 Restated £'000		31-Mar-23 £'000
360	Balance at start of the year	410
158	Additions	286
(108)	Amortisation	32
-	Derecognition	-
410	Balance at end of the year	728

15. FINANCIAL INSTRUMENTS

Categories of Financial Instruments carried in the Balance Sheet

Financial Assets

Financial assets carried in the balance sheet are measured at fair value through profit or loss; amortised cost; or fair value through other comprehensive income (designated equity instruments):

	Non-Current			
	Investments etc		Debtors	
	31-Mar-23 £'000	31-Mar-22 £'000	31-Mar-23 £'000	31-Mar-22 £'000
Fair Value through profit or loss				
Amortised Cost			2,330	5,134
Fair Value through other comprehensive Income - designated equity instruments	4,325	4,683		
Total Financial Assets	4,325	4,683	2,330	5,134

	Current			
	Investments etc		Debtors	
	31-Mar-23 £'000	31-Mar-22 £'000	31-Mar-23 £'000	31-Mar-22 £'000
Fair Value through profit or loss	10,000	20,000		
Amortised Cost	8,380	13,302	2,834	2,342
Total Financial Assets	18,380	33,302	2,834	2,342

	Total	
	31-Mar-23 £'000	31-Mar-22 £'000
Fair Value through profit or loss	10,000	20,000
Amortised Cost	13,544	20,778
Fair Value through other comprehensive Income - designated equity instruments	4,325	4,683
Total Financial Assets	27,869	45,461

Financial Liabilities

Financial liabilities carried in the balance sheet are measured at amortised cost:

	Non-Current			
	Borrowing		Creditors	
	31-Mar-23 £'000	31-Mar-22 £'000	31-Mar-23 £'000	31-Mar-22 £'000
Amortised Cost	211,837	213,145	50	152
Total Financial Liabilities	211,837	213,145	50	152

	Current			
	Borrowing		Creditors	
	31-Mar-23 £'000	31-Mar-22 £'000	31-Mar-23 £'000	31-Mar-22 £'000
Amortised Cost	-	81	3,956	9,312
Total Financial Liabilities	-	81	3,956	9,312

	Total	
	31-Mar-23 £'000	31-Mar-22 £'000
Amortised Cost	215,843	222,689
Total Financial Liabilities	215,843	222,689

Investments in Equity Instruments Designated at Fair Value through Other Comprehensive Income

The following equity instruments have been designated at fair value through other comprehensive income.

The Council invested £2 million in 2015/16 in the Churches, Charities and Local Authorities Investment Management Ltd. (CCLA) specialist property fund (which is only available to local authority investors) to achieve an attractive income and capital growth over time. The units in the fund are valued based on the overall value of the property portfolio. The Council is free to divest itself of its investments at any time and would receive a payment based on the number of units held multiplied by the quoted redemption price per unit. The loss on the instrument of £368,330 in 2022/23 (a gain of £333,610 in 2021/22) has been charged to Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.

The Council have invested £450,000 in £1 ordinary shares in it's wholly owned company Harlow Trading Services (Housing & Regeneration Ltd).

The Council invested £2 million in the Royal London Cash Plus Fund in 2017/18 in order to diversify its investments held for treasury management purposes. The amount invested is fully liquid and the Council is free to divest itself of its investment at any time, receiving a payment based on the number of units held multiplied by the quoted redemption price per unit. The gain on the instrument of £10,405 in 2022/23 (a gain of £8,295 in 2021/22) has been credited to Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Note: Fair Value is assessed	31-Mar-23 £'000	31-Mar-22 £'000
Non-current assets (Long Term)		
CCLA Property Fund	1,866	2,234
Harlow Trading Services (Purchase of Shares)	450	450
Royal London Cash plus Fund	2,009	1,999
Total	4,325	4,683

Note: Fair value is assessed at input level 1 of the fair value hierarchy - unadjusted quoted prices in active markets for identical assets.

Income, Expense, Gains and Losses

Income, Expense, Gains and Losses	Surplus or Deficit on the Provision of Services		Other Comprehensive Income and Expenditure	
	31-Mar-23 £'000	31-Mar-22 £'000	31-Mar-23 £'000	31-Mar-22 £'000
Net gains / losses on:				
Investment in equity instruments designated at fair value through other comprehensive income	-	-	(357)	325
Total net (gains) / losses	-	-	(357)	325
Interest revenue:				
Financial assets measured at amortised cost		(229)		(73)
Financial assets measured at FVPL	(548)			
Financial assets measured at FVOCI	(203)			
Total interest revenue	-	(229)	-	(73)
Interest expense	7,256	7,057		

Fair Values of Financial Instruments

The fair value of short-term instruments, including trade payables and receivables, is assumed to be approximate to the carrying amount given the low and stable interest rate environment.

The fair value of most financial assets, including money market and other pooled funds, is taken from the market price (level 1 of the fair value hierarchy – quoted prices in active markets for identical assets). The fair value of loans for service purposes is classed as level 2 of the hierarchy - calculated from inputs other than quoted prices that are observable for the asset, e.g. interest rates or yields for similar instruments

Financial liabilities, Public Works Loan Board (PWL) borrowing, is carried in the balance sheet at amortised cost. The fair value (level 2 of the hierarchy - calculated from inputs other than quoted prices that are observable for the asset, e.g., interest rates or yields for similar instruments) has been estimated by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans and with the following assumptions:

- the market rate is the published interest rate for new certainty rate loans arranged on 31st March 2023;
- no early repayment or impairment is recognised.

Fair values are as follows:

Fair Value of Financial Assets and Financial Liabilities	31-Mar-23		31-Mar-22	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Asset's				
Investment Balances		22,705		36,683
Loans for Service Purposes		2,330		5,134
Trade Receivables		2,834		2,342
Total Assets	-	27,869	-	44,159
Financial Liabilities				
PWL Borrowing		211,837		211,837
Short Term Borrowing from other LAs		22,055		-
Finance Leases		1,099		1,308
Trade Payables		3,956		9,312
Total interest Liabilities	-	238,947	-	222,456

The fair value of financial liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the current rates available for similar loans in the market at the Balance Sheet date. Trade Receivables include long-term leaseholder debtors of £0.166 million.

Transfers between Levels of the Fair Value Hierarchy and Changes in the Valuation Technique

There were no transfers or changes during the year.

16. DEBTORS

31-Mar-22 Restated £'000	Debtors	31-Mar-23 £'000
2,342	Trade receivables	2,832
16,486	Business rates	1,262
1,264	Housing Rents	157
5,395	Council tax	7,473
256	Prepayments	216
2,955	Related parties	2,834
-	Other receivables	-
28,698	Sub Total	14,774
-	Allowance for doubtful debt (other entities and individuals)	-
28,698	Total	14,774

The table below shows the amount that was owed to the Council as at 31 March 2023 by third parties, together with amounts paid by the Council in advance of receipt of goods or services.

17. CASH AND CASH EQUIVALENTS

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

31-Mar-22 £'000	Cash and Cash Equivalents	31-Mar-23 £'000
78	Cash held by Officers	7
774	Bank Current Accounts	881
32,457	Short Term Deposits	21,108
33,309	Total Cash and Cash Equivalents	21,996

18. CREDITORS

The table below shows the amount that the Council owed as at 31 March 2023 to third parties, together with amounts received by the Council in advance of supply of goods or services.

31-Mar-22 Restated £'000		31-Mar-23 £'000
(9,340)	Trade payables	(3,956)
(4,638)	Receipts in advance	(1,539)
(15,756)	Related parties	(7,003)
(18,778)	Other payables	(8,816)
(48,512)	Total	(21,314)

19. MOVEMENTS IN EARMARKED RESERVES

The following table sets out the amounts set aside from the General Fund and Housing Revenue Account balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2022/23.

Restated 2020/21 and signage	Balance as at 31 March 2021 £'000	Transfer In 2021/22 £'000	Transfer Out 2021/22 £'000	Balance as at 31 March 2022 £'000	Transfer In 2022/23 £'000	Transfer Out 2022/23 £'000	Balance as at 31 March 2023 £'000
General Fund:							
Perpetuity Reserves	958	4	(6)	956	18	(127)	847
Audit Fees	-	-	-	-	166	-	166
Budget Stabilisation Reserve	-	1,363	(1,216)	147	672	(600)	219
Bush Fair Capital Improvements Reserve	42	-	-	42	-	-	42
Covid-19 Reserve	259	-	(20)	239	-	(81)	158
Debt Financing Reserve	2,939	238	-	3,177	238	-	3,415
Discretionary Services Fund	2,304	1,079	(438)	2,945	67	(1,008)	2,004
Enterprise Zone	-	-	-	-	338	-	338
Environment Reserve (previously Energy Fund)	36	-	(4)	32	-	(6)	26
Environmental Urgent Works & Improvement Reserve	1,596	-	(160)	1,436	-	(145)	1,291
Estates Renewal Reserve	-	-	-	-	363	(176)	187
Hardship Fund	-	155	-	155	-	-	155
Housing Benefits Subsidy Reserve	693	-	-	693	-	(501)	192
Housing TA Reserve	-	150	-	150	-	-	150
Insurance claims - GF	756	50	-	806	50	-	856
Insurance Fund - GF	1,720	120	(12)	1,828	152	(26)	1,954
Invest To Save & Improve Reserve	230	1	-	231	3	(126)	108
New Burdens Grant Reserve	223	-	-	223	-	-	223
Partnership Fund	200	-	-	200	-	-	200
Pensions Reserve	-	-	-	-	1,255	-	1,255
Planning Reserve	179	-	-	179	-	(100)	79
Regeneration & Enterprise Reserve	6,666	-	(577)	6,089	-	(5,289)	800
Regeneration Reserve	277	-	(174)	103	-	(78)	25
Residual Land Transfer	131	-	-	131	-	(131)	-
Risk Management Reserve - GF	336	40	(24)	353	-	(54)	299
Severance Reserve	2,120	-	(1,000)	1,120	-	(368)	752
Splash Parks Reserve	708	-	(392)	316	-	(316)	-
Standards Committee Contingency Reserve	50	-	-	50	-	(50)	-
The Harlow & Gilston Garden Town Funding Reserve	431	-	(14)	418	-	(278)	140
Total General Fund	22,854	3,200	(4,037)	22,019	3,322	(9,460)	15,881
HOUSING REVENUE ACCOUNT RESERVES							
Perpetuity Reserves	1,136	365	(448)	1,053	307	(467)	893
Housing Insurance Property Reserve	50	10	-	60	10	-	70
Insurance claims	696	50	-	746	50	-	796
Insurance Fund	2,165	220	(103)	2,282	259	(174)	2,367
Risk Management Reserve	508	60	-	568	60	(54)	574
Pensions Reserve	-	-	-	-	1,333	-	1,333
Total Housing Revenue Account	4,555	705	(551)	4,709	2,019	(695)	6,033
EARMARKED GRANTS RESERVES							
General Fund	15,907	9,089	(14,944)	10,052	6,445	(10,335)	6,162
Housing Revenue Account	-	-	-	-	26	-	26
Total Earmarked Grants Reserves	15,907	9,089	(14,944)	10,052	6,471	(10,335)	6,188
Total Earmarked Reserves	43,316	12,994	(19,532)	36,780	11,812	(20,490)	28,102

General Fund Reserves	Purpose
Perpetuity	Amounts set aside to meet long-term contractual obligations under a range of covenants.
Audit Fees	Set aside to meet expect External Audit Fees
Budget Stabilisation	The creation of the reserve will remove the need to make short term decisions related to potential budget reductions
Bush Fair capitla improvement works	To fund capital works in the area
Debt financing	Established to finance future costs in relation to borrowing.
Discretionary services fund	To fund services to the community that are not required by statute & to provide financial support to organisations providing such services.
Enterprise Zone	Created to fund works at Enterprise Zone
Environment	Past energy savings, available to finance energy-efficiency schemes & measures to reduce future energy usage & emissions.
Environmental urgent works and improvement	For works and improvements in the Harlow wider town area.
Hardship	To provide hardship funding to support those local residents most significantly impacted by the Covid 19 crisis and least able to meet their council tax payments
Housing benefits subsidy	An equalisation reserve to meet any future reductions in subsidy from previous years' increases.
Housing TA	Set aside to mitigate against potential increasing cost of Temporary Accommodation
Insurance claims	To meet any costs of future claims resulting from the insolvency of the Council's previous insurer Municipal Mutual Insurance Ltd.
Insurance fund	A self-insurance reserve to meet excess charges in respect of policies for theft, motor insurance, employer's liability, fire and dwellings and other minor items.
Invest to save	Established from previous years' windfall income, used to deliver service improvements or to fund efficiency initiatives.
Partnership fund	For implementation costs of potential partnership arrangements for the delivery of the Revenues and Benefits service.
Pension	To Mitigate future risk in Pension fluctuations
Planning	Used to transfer resources between years should delivery of the Local Development Framework (LDF) be rescheduled.
Regeneration and enterprise	A reserve to support Harlow town regeneration.
Regeneration	A reserve to support the regeneration of the Town Centre.
Residual land transfer	Established to meet future re-instatement works to land acquired from the Homes and Communities agency.
Risk management reserve	Established in order to finance future initiatives that mitigate insurable risks and potential insurance claims against the Council and help limit increases in insurance premiums.
Severance reserve	Used to finance redundancy costs in excess of the amount included in the revenue budget.
Splash parks reserve	A reserve to finance the replacement of remaining paddling pools with new modern splash park facilities.
Standards Committee Contingency	Established to finance possible future liabilities arising from the work of the Council's Standards Committee.
The Harlow and Gilston Garden Town funding reserve	Established to contribute towards the Gilston Garden Town project and other developments in and around Harlow to ensure maximum benefits in respect of affordable housing and skills and employment initiatives.

Housing Revenue Account Reserves		Purpose
Perpetuity reserves	Amounts set aside to meet long-term contractual obligations under a range of covenants.	
HRA OJEU Contract 2015	A reserve established to meet ancillary costs relating to a change in repairs and maintenance contractor.	
Insurance claims	To meet any future costs resulting from the insolvency of the Council's previous insurer Municipal Mutual Insurance Ltd.	
Insurance fund	A self-insurance reserve to meet excess charges in respect of policies for theft, motor insurance, employer's liability, fire and dwellings and other minor items.	
Risk management reserve	Established in order to finance future initiatives that mitigate insurable risks and potential insurance claims against the Council and help limit increases in insurance premiums.	
Pension	To Mitigate future risk in Pension fluctuations	
Earmarked Grants Reserves		Specific revenue grants received are accounted for in the year of receipt. Any unused grant is held in these reserves until specified expenditure is incurred.

20. UNUSABLE RESERVES

31-Mar-22 Restated £'000		31-Mar-23 £'000
	Revaluation Balances	
(471,555)	Revaluation Reserve	(552,758)
(233)	Financial Instruments Revaluation Reserve	125
	Adjustment Accounts	
(231,969)	Capital Adjustment Account	(237,463)
3	Financial Instruments Adjustment Account	5
(777)	Deferred Capital Receipts	(851)
17,758	Pensions Reserve	5,805
6,980	Collection Fund Adjustment Account	(1,662)
176	Accumulated Absences Account	160
(679,617)		(786,640)

20.1 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and the gains are lost,
- used in the provision of services and the gains are consumed through depreciation, or
- 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.

31-Mar-22 £'000	Revaluation Reserve Movements in Year	31-Mar-23 £'000
(450,963)	Balance at 1 April	(471,555)
(36,440)	Upward Revaluation of Assets	(91,956)
7,713	Downward Revaluation of Assets	3,290
(28,727)	In Year surplus on revaluation of non-current assets	(88,666)
7,761	Difference between Fair Value Depreciation and Historical Cost Depreciation	7,463
374	Accumulated Gains on Assets Sold or Scrapped written off to the Capital Adjustment Account	-
8,135	In Year amounts written out to the Capital Adjustment Account	7,463
(471,555)	Balance at 31st March	(552,758)

20.2 Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that are measured at fair value through Other Comprehensive Income. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost,
- disposed of and the gains are realised

31-Mar-22 £'000		31-Mar-23 £'000
92	Balance at 1 April	(233)
(325)	Upwards revaluation of Investments	-
-	Downwards revaluation of Investments	358
(233)	Balance at 31 March	125

20.3 Capital Adjustment Account

The Capital Adjustment Account 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 and depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical

cost basis).

The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction, and enhancement. The account contains accumulated gains and losses on Investment Properties and 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.

31-Mar-22 Restated £'000	Capital Adjustment Account	31-Mar-23 £'000
(219,495)	Balance at 1 April	(231,969)
	Opening Balance Adjustment	
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
14,066	Charges for depreciation and impairment of non-current assets	14,746
608	Revaluation losses on Property, Plant and Equipment	(1,636)
108	Amortisation of intangible assets	87
769	Revenue expenditure funded from capital under statute	541
5,416	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	4,551
(8,135)	Adjusting amounts written out of the Revaluation Reserve	(7,463)
-	Settlement of Loan written back to Capital Receipt Reserve	2,500
	Capital financing applied in the year:	
(1,232)	Use of the Capital Receipts Reserve to finance new capital expenditure	(2,553)
(12,689)	Use of the Major Repairs Reserve to finance new capital expenditure	(11,110)
(6,420)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,760)
1,414	Application of grants to capital financing from the Capital Grants Unapplied Account	(2,370)
(806)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(833)
(5,571)	Capital expenditure charged against the General Fund and HRA balances	(316)
	Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	122
(231,967)	Closing Balance 31st March	(237,463)

20.4 Financial Instruments Adjustment Account

The financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

31-Mar-22		31-Mar-23
£'000		£'000
3	Balance at 1 April	3
-	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	2
3	Balance at 31 March	5

20.5 Pensions Reserve

The Pensions 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 Pension Fund or pays pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the resources the Council has set aside compared to the benefits earned by past and current employees. The statutory arrangements ensure that funding will have been set aside by the time the benefits come to be paid.

31-Mar-22 Restated £'000		31-Mar-23 £'000
65,039	Balance at 1 April	17,758
(51,386)	Actuarial (Gains)/Losses on Pensions Assets and Liabilities	(15,150)
7,118	Reversal of items relating to Retirement Benefits on the Provision of Services in the CIES	6,414
(3,013)	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	(3,217)
17,758	Balance at 31 March	5,805

20.6 Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Business Rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax and Business Rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

31-Mar-22 Restated £'000		31-Mar-23 £'000
9,892	Balance at 1 April	6,980
(2,912)	Amount by which Council Tax income credited to the CIES is different from Council Tax income calculated for the year in accordance with statutory requirements	(8,642)
6,980	Balance at 31 March	(1,662)

20.7 Accumulated Absences Adjustment 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, eg annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the account.

31-Mar-22 Restated £'000		31-Mar-23 £'000
-	Balance at 1 April	176
-	Settlement or cancellation of accrual made at the end of the preceding year	(176)
176	Amounts accrued at the end of the current year	160
176	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	(16)
176	Balance at 31 March	160

21. OPERATING ACTIVITIES

The cash flows for operating activities include the following items.

31-Mar-22 £000		31-Mar-23 £000
-	Interest received	468
(7,055)	Interest paid	(7,250)
500	Dividends received	82
(6,555)	Total	(6,700)

The Net Surplus/ (Deficit) on the Provision of Services has been adjusted for the following non-cash movements:

31-Mar-22 Restated £000		31-Mar-23 £000
14,077	Depreciation	14,745
597	Impairment and Downward valuations	(1,635)
107	Amortisation	87
-	Deferred revenue/ deferred payment agreements (IFRS 15)	-
18,870	Increase / Decrease in Creditors	(11,646)
1,707	Increase / Decrease in Debtors	2,564
(5)	Increase / Decrease in Inventories	(7)
4,105	Movement in Pension Liability	3,197
-	Contribution to / (from) Provisions	-
5,417	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	4,551
1,057	Other non-cash items charged to the net surplus or deficit on the provision of services	(384)
45,932	Total	11,472

The Net Surplus/(Deficit) on the Provision of Services has been adjusted for the following items which are investing and financing activities:

31-Mar-22 Restated £000		31-Mar-23 £000
(5,365)	Capital Grants credited to surplus or deficit on the provision of services	5,332
0	Net adjustment from the sale of short and long term investments not considered cash equivalents	-
(10,219)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(8,040)
(15,584)	Total	(2,708)

22. INVESTING ACTIVITIES

31-Mar-22 Restated £000		31-Mar-23 £000
(25,131)	Purchase of property, plant and equipment, investment property and intangible assets	(51,767)
205	Purchase of short-term and long-term investments	-
(49)	Other payments for investing activities	(880)
10,208	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	7,967
-	Proceeds from short-term and long-term investments	-
5,346	Other receipts from investing activities	4,877
(9,421)	Net cash flows from investing activities	(39,803)

23. FINANCING ACTIVITIES

31-Mar-22 Restated £000		31-Mar-23 £000
-	Cash receipts of short- and long-term borrowing	41,500
-	Other receipts from financing activities	164
(205)	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	-
(3,000)	Repayments of short- and long-term borrowing	(19,500)
4,627	Other payments for financing activities	(4,183)
1,422	Net cash flows from financing activities	17,981

24. ACCOUNTING STANDARDS ISSUED, NOT ADOPTED

The Code of Practice for Local Authority Accounting (The Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but has not yet been adopted by the 2022/23 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would, therefore result in an impact on disclosures spanning two financial years.

The following have been issued but not yet adopted:

- Amendments to IAS 8 (Definition of Accounting Estimates).
- Amendments to IAS 1 and IFRS Practice Statement 2 (Disclosure of Accounting Policies)
- Amendments to IAS 12 (Deferred Tax related to Assets and Liabilities arising from a Single Transaction) Relates to Group Accounts.

- Amendments to IFRS 3 (Updating a Reference to the Conceptual Framework)

Harlow Council are unlikely to be affected materially by these changes.

IFRS16 (Leases)

As permitted by the Code, the Council has chosen not to adopt this standard from 1 April 2023 and therefore no disclosures are required in these financial statements.

25. MEMBERS' ALLOWANCES

The Council paid the following amounts to Members of the Council during the year.

31-Mar-22 Restated £'000		31-Mar-23 £'000
185	Allowances	191
3	Expenses	11
188	Total For the Year	202

26. OFFICERS' REMUNERATION

Following the Senior Management Review in 2021/22 the following changes were effective from the 1st of October 2021:

- Head of Finance and Deputy to the Chief Executive was amended to Deputy Chief Executive and Director of Finance
- Head of Housing was amended to Director of Housing
- Head of Environment and Planning was amended to Director of Strategic Growth and Regeneration
- Head of Community and Wellbeing was amended to Director of Communities and Environment
- Head of Governance (Monitoring Officer) was amended to Director of Governance and Corporate Services (Monitoring Officer)

2022/23	Salary, Fees and Allowance £	Compensation for Loss of Office £	Total Remuneration £	Pension Contributions £	Total £
Chief Executive	136,174	86,787	222,961	7,746	230,707
Deputy to the Chief Executive and Director of Finance	110,982	-	110,982	22,307	133,289
Director of Housing	99,996	-	99,996	20,099	120,095
Director of Strategic Growth and Regeneration	70,831	-	70,831	14,237	85,068
Director of Communities and Environment	79,997	-	79,997	16,079	96,076
Director of Governance and Corporate Services (Monitoring Officer)	103,862	-	103,862	20,856	124,718
Total	601,842	86,787	688,629	101,324	789,953

Prior Year Comparator – 2021/22

2021/22	Salary, Fees and Allowance £	Compensation for Loss of Office £	Total Remuneration £	Pension Contributions £	Total £
Chief Executive	141,056		141,056	0	141,056
Deputy to the Chief Executive and Director of Finance	109,057		109,057	21,920	130,977
Director of Housing	98,071		98,071	19,712	117,783
Director of Strategic Growth and Regeneration	98,071		98,071	19,712	117,783
Director of Communities and Environment	91,257		91,257	17,639	108,896
Director of Governance and Corporate Services (Monitoring Officer)	101,704		101,704	20,299	122,003
					0
Total	639,216	-	639,216	99,282	738,498

The table below 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.

The banding table below is comprehensive and includes senior employees who are shown in the table of senior employees, shown above. No officers received in excess of £150,000.

Remuneration band	2022/23 Number of Employees	2021/22 Number of Employees
£50,000-£54,999	7	7
£55,000-£59,999	11	11
£60,000-£64,999	9	10
£65,000-£69,999	1	4
£70,000-£74,999	2	2
£75,000-£79,999	8	
£80,000-£84,999		
£85,000-£89,999		
£90,000-£94,999		1
£95,000-£99,999	1	2
£100,000-£104,999	1	1
£110,000-£109,999	1	1
£110,000-£114,999	1	
£115,000-£119,999		
£120,000-£124,999		
£125,000-£129,999		
£130,000-£134,999		
£135,000-£139,999	1	
£140,000-£144,999		1
£145,000-£149,999		
£150,000-£154,999		
£155,000-£159,999		
Total of Employees	43	40

The numbers of exit packages with total cost per band and total cost of the 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-23 Number	31-Mar-22 Number	31-Mar-23 Number	31-Mar-22 Number	31-Mar-23 Number	31-Mar-22 Number	31-Mar-23 £'000	31-Mar-22 £'000
Up to £20,000	-	1	9	1	9	2	58,817	9,992
£20,001-£40,000	-	-	-	2	-	2	-	59,469
£40,001-£60,000	-	-	-	-	-	-	-	-
£60,001-£80,000	-	-	-	-	-	-	-	-
£80,001-£100,000	-	-	1	-	1	-	86,787	-
£100,000-£150,000	-	-	-	-	-	-	-	-
Total	-	1	10	3	10	4	145,604	69,461

27. EXTERNAL AUDIT COSTS

The Council has incurred the following costs in 2022/23 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, BDO LLP.

31-Mar-22 £'000		31-Mar-23 £'000
60	Fees payable for external audit services carried out by the appointed auditor* Fees payable for other services carried out by the appointed auditor for previous years Fees payable to external audit in relation to current year grant claims	60
60	Total	60

*The fee is likely to change as a direct result of the backstop date.

28. GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2022/23.

31-Mar-22 Restated £'000		31-Mar-23 £'000
	Grants Credited to Taxation and Non-Specific Grant Income	
(106)	Council Tax Sharing Agreement	(737)
(613)	Covid-19 Hardship Fund	-
(518)	Covid-19 Support Grant	-
-	Levy Account Surplus Grant	(26)
(133)	Lower Tier Service Grant	(143)
(1,079)	New Homes Bonus Grant	(1,165)
(8,858)	Section 31 Grants	(1,950)
(5,608)	Small Business Grants	-
(5,514)	Capital Grants and contributions	(759)
(22,429)	Total Taxation and Specific Non-Service Government Grant Income	(4,780)

	Other Revenue Grant Income:	
	Department for Work and Pensions (DWP)	
-	Council Tax Rebate Scheme	(4,993)
-	Energy Bills Support Scheme	(200)
-	DHP Initial	(56)
(233)	Discretionary Housing Payment	(115)
(318)	Housing Benefit Administration	(324)
-	Housing Benefit Award Accuracy Initiative	(20)
(2)	Kickstart	(26)
-	LA Payment SHBE	(6)
-	LA Payment ST/T	(1)
-	Local Council Tax Support	(126)
(9)	LRSG Admin Grant	-
(43)	New Burdens Housing Benefit	-
(11,643)	Rent Allowances	(10,318)
(11,509)	Rent Rebates	(11,024)
(28)	Verification of Earnings and Pensions	(22)
(1)	Other DWP grants	(4)
	Department of Health and Social Care (DHSC)	
(134)	Contain Outbreak management Fund	-
	Business, Energy and Industrial Strategy (BEIS)	
(197)	New Burdens Admin Grant	-
(73)	New Burdens Restart	-
-	Post Payment Assurance, Reconciliation and Debt Recovery Payment New Burdens	(31)
	Department for Levelling Up, Housing and Communities (DLUHC)	
-	Additional New Burdens	(30)
(10)	Biodiversity Net Gains Funding	-
-	BR Licences New Burdens	(4)
-	BR Reliefs New Burdens	(28)
-	Council Tax Rebate new Burdens	(56)
-	Council Tax Rebates Final Assessment New Burdens	(105)
(22)	Covid-19 Elections Grant	-
(904)	Disabled Facilities Grants	(906)
(34)	Domestic Abuse	(34)
-	Elections Act 2022 New Burdens	(14)
(74)	High Street Covid Improvement Scheme	-
(671)	Homelessness Prevention	(655)
(125)	Levelling Up Fund	(25)
-	Local Digital Cyber Fund	(30)
(321)	Localising Council Tax Administration	-
-	New Burdens	(12)
(2)	New Burdens for the implementation of allergen labelling changes	-
-	NNDR Cost of Collection	(111)
(13)	Pavement Licensing New Burdens	(3)
(12)	Protect and Vaccinate	-
(31)	Redmond Review	(26)
(396)	Rough Sleepers Fund	(279)
-	Service Grant	(215)
-	Tenant Satisfaction Measures New Burdens	(26)
-	UK Shared Prosperity Fund	(44)
(1)	Welcome Back Fund	(6)
(14)	Other DLUHC grants	(9)

	Homes England (HE)	
(11)	Growth Area Funding / Programme of Development	(40)
	Essex County Council (ECC)	
-	Active Essex Network	(24)
(1)	Clinical Waste	(2)
(59)	Collection Investment Income	(59)
-	COMF Funding	(19)
(100)	Community Grant	
(20)	Community Renewal Fund	(447)
(11)	ECC Hardship Fund	(11)
(68)	Fraud and Error Reduction Incentive Scheme	(68)
-	Homes For Ukraine	(22)
(707)	Inter Authority Agreement	(762)
(18)	Local Authority Treescapes Fund	(8)
(60)	Sam's Place	(60)
-	Tree Planting	(1)
-	Urban Tree Challenge Fund	(18)
-	Volunteers	(5)
	Other	
(263)	Cultural Recovery Fund	(27)
-	PFCC Safer Streets	(16)
-	Police and Crime Commissioner	(22)
(28)	Royal Opera House	(20)
(4)	SSCL	-
(19)	Town Park Heritage Lottery Fund	-
(12)	Other Smaller Grants	(98)
	Total Grant Income to Services	(31,613)
(28,201)		
(50,630)	Total Grant Income to General Fund	(36,393)

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them which could require the money to be returned to the giver. The balances at the year-end are as follows.

31-Mar-22 £'000	<u>Current Liabilities</u>	31-Mar-23 £'000
-	Grants Receipts in Advance - Capital Grants	-
-	Grants Receipts in Advance - Revenue	-
-	Total Grants Receipts in Advance (Current)	-

31-Mar-22 Restated £'000	<i>Long-term Liabilities</i>	31-Mar-23 £'000
(223)	Grants Receipts in Advance - Capital Grants	-
(68)	Public Sector Decarbonisation	-
(41)	Programme of Development - external partners	(21)
-	Short Breaks (ECC)	-
-	Grants Receipts in Advance - Revenue	-
(331)	Total Grants Receipts in Advance (Long-term)	(21)

29. RELATED PARTIES

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

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, prescribes the terms of many of the transactions that the Council has with other parties (such as Council Tax bills, or Housing Benefits) and provides the majority of its funding in the form of grants. Grant receipts outstanding at 31 March 2023 are shown in Note 26.2.

Members have direct control over the Council's financial and operating policies. The total of Members' allowances is disclosed in Note 23 on page 65. In addition, Members, chief officers and heads of service disclose, by way of declaration, anything which could result in them being a related party of the Council and any transactions with the Council. Declarations made by Members in 2022/23 are summarised on the Council's website at:

[Your Councillors | Harlow Council](#).

Harlow Trading Services (Property and Environment) Ltd. (HTS) is a subsidiary company, wholly owned by the Council and subject to its control, which provides a range of environmental and property maintenance services in the district.

Other Public Bodies (subject to common control by Central Government):

Essex County Council – four Council Members were also Members of Essex County Council during the year.

Material transactions which took place with related parties are as follows:

2022/23 Related Party Transactions	Income £'000	Expenditure £'000	Debtors as at 31 Mar 2023 £'000	Creditors as at 31 Mar 2023 £'000
Essex County Council	(2,435)	254	774	(1)
HTS (Property & Environment) Ltd	(571)	31,601	664	(867)
Total	(3,006)	31,855	1,438	(868)

Comparator 2021/22

2021/22 Related Party Transactions	Income £'000	Expenditure £'000	Debtors as at 31 Mar 2022 £'000	Creditors as at 31 Mar 2022 £'000
Essex County Council	(4,947)	119	948	(65)
HTS (Property & Environment) Ltd	(416)	26,484	142	64
Total	(5,363)	26,603	1,090	(1)

30. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), along 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 in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The movement in CFR is analysed in the second part of this note.

31-Mar-22 Restated £'000		31-Mar-23 £'000
268,025	Opening Capital Financing Requirement	269,123
	<i>Capital Investment:</i>	
25,281	Property Plant and Equipment	51,216
-	Investment Properties	9
108	Intangible Assets	284
769	Revenue Expenditure funded from Capital under Statute	541
	Long Term Debtors	
	HTS Equity Shares	
26,208	Total Capital Investment	52,050
	<i>Sources of Finance:</i>	
(1,232)	Capital Receipts	(2,553)
(12,689)	Major Repairs Reserve	(11,110)
(5,006)	Government grants and other contributions	(4,130)
(18,733)	Total Source of Finance	(17,793)
	<i>Sums set aside from revenue:</i>	
(5,571)	- Direct revenue contributions	(316)
(806)	- MRP	(833)
(6,377)	Total Set aside from Revenue	(1,149)
269,123	Closing Capital Financing Requirement	302,231
	<i>Explanation of movements in year:</i>	
1,098	Increase in underlying need to borrowing (unsupported by Government Financial Assistance)	33,108
1,098	Increase/(Decrease) in Capital Financing Requirement	33,108

31. LEASES

Council as Lessee

FINANCE LEASES

In 2019/20 the Council acquired a number of vehicles under a finance lease. These assets are carried as property, plant, and equipment in the balance sheet at the following net amount.

31-Mar-22 Restated £'000	Vehicles, plant, furniture and equipment	31-Mar-23 £'000
1,639	Vehicles, plant, furniture and equipment	1,405
1,639	Total	1,405

The Council is committed to making minimum payments under this lease comprising settlement of the long-term liability for the interest in the assets acquired and finance costs that will be payable in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts.

31-Mar-22 £'000	Finance lease liabilities (net present value of minimum lease payments)	31-Mar-23 £'000
205	Current	209
1,308	Non-Current	1,099
107	Finance costs payable in future years	81
1,620	Total	1,388

The minimum lease payments will be payable over the following periods

31-Mar-22 £'000	31-Mar-22 £'000		31-Mar-23 £'000	31-Mar-23 £'000
Minimum Lease Payments	Finance Lease Payments		Minimum Lease Payments	Finance Lease Payments
231	205	Not later than one year	231	209
926	857	Later than one year and not later than five years	926	871
463	451	Later than five years	231	227
1,620	1,513	Total	1,388	1,308

Council as Lessor

FINANCE LEASES

The Council has leased out property in the town center to the NatWest Bank on a finance lease, with a remaining term of 70 years.

The Council has a gross investment in the lease made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end.

The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding.

OPERATING LEASES

The Council leases out property and equipment under operational leases. The future minimum lease payments receivable are:

31-Mar-22 £'000		31-Mar-23 £'000
833	Not later than one year	726
2,665	Later than one year and not later than five years	2,302
2,902	Later than five years	2,551
6,399	Total	5,579

In 2022/23 £205,774 contingent rents were receivable by the Council (2021/22 £233,710).

32. DEFINED BENEFIT PENSION SCHEME

Participation in the Pension Scheme

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme:

- The scheme is administered locally by Essex County Council and is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.
- The scheme also includes arrangements for the award of discretionary post-retirement benefits upon early retirement – an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made, there are no investment assets built up to meet those liabilities and cash has to be generated to meet actual pension payments as they eventually fall due.
- The scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Essex County Council. Policy is determined in accordance with the Pensions Fund Regulations.
- The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by the statute as described in the accountancy policies note.

Transactions Relating to Post-Employment Benefits

The costs of retirement are recognised and reported in the Cost of Service when they are earned by the employees, rather than when the benefits are eventually paid. However, the charge required to be made to the Council Tax is based on the cash payable in the year, so the real costs of post-employment retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

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

31-Mar-22 Restated £'000		31-Mar-23 £'000
	Comprehensive Income and Expenditure Statement (CIES)	
	Cost of Services:	
5,751	• Current service cost	5,830
127	• Past service cost including curtailments	162
1,240	• Administration expenses	422
	• Interest cost	
7,118	Total post-employment benefits charged to the surplus or deficit on the provision of services	6,414
	Other post-employment benefits charged to the CIES	
	Remeasurement of the net benefit liability comprising:	
19,496	Return on plan assets (excluding amount included in the net interest expense)	(6,261)
2,546	Other actuarial gains/(losses)	
10,846	Changes in financial assumptions	111,881
7,462	Actuarial gains/(losses) arising from the change of demographic assumptions	-
11,036	Experience loss/(gain) on defined benefit obligation	(24,202)
-	Changes in effect of asset ceiling	(66,268)
51,386	Total post-employment benefit gains/(losses) charged to the CIES	15,150
	Movement In Reserves Statement	
7,118	Reversal of net charges made to the Surplus or Deficit on the provision of services for post-employment benefits in accordance with the Code	6,414
	Actual amount charged against the General Fund balance for pensions in the year	
3,013	Employers' contributions payable to the scheme	3,217

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 plan is as follows.

31-Mar-22 Restated £'000		31-Mar-23 £'000
(292,588)	Present value of scheme benefit obligation	(210,193)
281,735	Fair value of plan assets	276,461
(10,853)	Net Liability	66,268
-	Impact of asset ceiling	(66,268)
(6,905)	Present value of discretionary obligation	(5,805)
(17,758)	Net Liability from defined benefit Obligations	(5,805)

Reconciliation of the Movements in the Fair Value of the Scheme (Plan) Assets

31-Mar-22 Restated £'000		31-Mar-23 £'000
262,962	Opening balance as at 1 April	281,735
5,048	Interest Income	7,246
19,496	Return on assets less interest	(6,261)
2,546	Other Actuarial gains (loses)	-
(127)	Administration expenses	(162)
3,013	Contributions from employer	3,217
807	Contribution from employees and other employers	895
(12,010)	Estimated benefits paid plus unfunded net of transfers in Settlement prices received / (paid)	(10,209)
281,735	Closing balance at 31 March	276,461

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

31-Mar-22 Restated £'000		31-Mar-23 £'000
(328,001)	Opening balance as at 1 April	(299,493)
(5,742)	Current service cost and settlements	(5,752)
(6,288)	Interest cost	(7,668)
10,846	Change in financial assumptions	111,881
7,462	Change in demographic assumptions	-
11,036	Experience gain/(loss) on defined benefit obligation	(24,202)
-	Liabilities assumed/(extinguished)on settlements	-
11,365	Estimated Benefits paid net of transfers in	9,578
(9)	Past service costs, including curtailments	(78)
(807)	Contributions by Scheme participants and other employers	(895)
645	Unfunded pension payments	631
(299,493)	Closing balance at 31 March	(215,998)

(17,758)	TOTAL NET LIABILITIES	(5,805)
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31-Mar-22 £'000	Reconciliation of Asset Ceiling	31-Mar-23 £'000
	Opening balance as at 1 April	
	Interest on impact of asset ceiling	
-	Actuarial losses / (gains)	66,268
	Closing balance at 31 March	66,268

The Council has guaranteed any possible future unfunded pension fund liabilities of HTS Ltd. as a result of its employees being members of the Local Government Pension Scheme. Such liabilities are considered most unlikely, and it is currently not possible to estimate any potential cost to the Council.

Local Government Pension Scheme Assets Comprised

Period Ended 31 March 2022 (Restated)				Asset Breakdown	Period Ended 31 March 2023			
Quoted Prices in active markets £'000	Percentage of Total Assets %	Unquoted prices not in active markets £'000	Percentage of Total Assets %		Quoted Prices in active markets £'000	Percentage of Total Assets %	Unquoted prices not in active markets £'000	Percentage of Total Assets %
6,817	2.4%			Index Linked Government Securites - UK	4,052	1.5%		
12,234	4.3%			Corporate Bonds - UK	0	0.0%		
				Equities				
16,011	5.2%			UK		0.0%		
151,184	49.1%			Overseas	159,612	52.7%		
6,716	2.4%	17,348	6.2%	Property - All	5,258	1.9%	17,436	6.30%
				Others				
		10,031	5.0%	Private Equity			10,542	5.00%
		17,454	8.7%	Infrastructure			21,717	10.30%
				Derivatives				
		5,818	2.9%	Timber			7,379	3.50%
		2,207	1.1%	Private Debt			4,217	2.00%
		27,940	9.9%	Other Managed Funds			37,946	13.70%
		7,975	2.8%	Cash/Temporary Investments			8,302	3.10%
				Net Current Assets				
192,962	63.4%	88,773	36.6%	Total	168,922	56.1%	107,539	43.9%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The pension scheme's liabilities (both funded and unfunded) have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2023.

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

The principal assumptions used by the actuary have been:

2021/22	Life expectancy from age 65 (years)	2022/23
21	Retiring today: Men	21.1
23.5	Women	23.5
22.3	Retiring in 20 years: Men	22.3
24.9	Women	25
3.30%	Rates of Inflation CPI	2.90%
4.30%	Rate of increase in salaries	3.90%
3.30%	Rate of increase in pensions	2.90%
2.60%	Rate of discounting scheme liabilities	4.80%
50.00%	Take-up of option to convert annual pension into retirement lump sum	50.00%

The estimation of the defined benefit obligations is sensitive to the actual assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumptions analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is likely 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.

	£'000	£'000	£'000
Adjustment to discount rate	0.1%	0.0%	-0.1%
Present Value of Total Obligation	213,139	215,998	218,923
Projected Service Cost	2,435	2,515	2,598
Adjustment to long term salary increase	0.1%	0.0%	-0.1%
Present Value of Total Obligation	216,175	215,998	215,822
Projected Service Cost	2,517	2,515	2,514
Adjustment to pension increases and deferred revaluation	0.1%	0.0%	-0.1%
Present Value of Total Obligation	218,798	215,998	213,259
Projected Service Cost	2,599	2,515	2,433
Adjustment to life expectancy assumptions	+ 1 year	None	-1 year
Present Value of Total Obligation	255,210	215,998	207,195
Projected Service Cost	2,605	2,515	2,428

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Essex County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over a number of years. Funding levels are monitored on an annual basis. The next triennial valuation will take effect as at 31 March 2026.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2023 is £3.217 million.

33. CONTINGENT LIABILITIES

At 31 March 2023, the Council has the following contingent liabilities.

Insured Liabilities

The Council insures various risks with Zurich Municipal and operates a self-insurance fund to cover small claims and that part of larger claims which are subject to an excess. The fund balance as at 31 March 2023 was £4.321 Million (£4.108 million at 31 March 2022). The timing and the value of any unreported and unsettled future liabilities cannot be determined with any certainty.

Guarantees

In 1987 and 1992 the Council agreed jointly with a number of other local authorities to guarantee loans of £83.6 million to Home Housing Association raised to provide housing in Harlow and surrounding authorities. The guarantee is for 50 years ending 2037. The Council's proportion of the total liability is £4.5 million. No fair value for the guarantee has been included under Financial Instruments as the Council considers that the probability of the guarantee being called upon is low.

34. CONTINGENT ASSETS

There were no contingent assets as at 31 March 2023.

35. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Overall procedures for managing risk

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2017.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy Statement (TMSS) before the beginning of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices (procedure notes) specifying the practical arrangements to be followed to manage these risks.

The TMSS includes an Investment Strategy in compliance with the MHCLG Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return on cost.

The risks covered are:

- Credit risk - the possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.
- Liquidity risk - the possibility that the Council might not have the cash available to make contractual payments on time.
- Market risk - the possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

Credit Risk

Credit risk arises when deposits are made with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Treasury Management Strategy Statement (TMSS), which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard and Poor's credit ratings services. The Council uses the creditworthiness service of Arlingclose Limited, its treasury management advisors, to analyse the credit ratings. The TMSS also sets maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria. The TMSS, which was approved by the Council on 3rd February 2022, can be found on the Council's website.

In addition to the above, the Council uses a range of additional indicators and information sources to minimise risk, including:

- credit watches and credit outlooks from credit rating agencies,
- credit default swap spreads, which can provide early warning of likely changes in an institution's credit ratings,
- equity price movements,
- sovereign ratings to select counterparties from only the most creditworthy (AAA-rated) countries outside the UK.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to the institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2023 that this was likely to arise.

Customers purchasing goods and services are allocated individual credit limits assessed taking into account their financial position, past experience and other parameters set by the Council and its respective departments.

The Council does not generally allow credit for its customers. As at 31 March 2023, £5.952 million of total short-term debt was overdue for payment, as shown below:

31-Mar-22 £'000	Short term debt - Overdue	31-Mar-23 £'000
1,755	Less than three months	1,881
498	Three to Six months	398
23,602	More than six months	3,673
25,855	Total	5,952

The Council has analysed the effect of applying expected credit loss methodology to its financial assets to determine impairment loss allowances in accordance with IFRS 9 and has determined that there would be no material difference to the financial statements or carrying amount of the assets compared with calculating a provision for bad debts under IAS19.

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. The Council previously raised long-term borrowing from the PWLB, and has preserved access to the PWLB as a 'lender of last resort' by complying with the Government guidance regarding capital investment. If unexpected movements occur the Council will look at a range of sources. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. Instead, the risk is that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates.

Refinancing and Maturity Risk

The maturity analysis of financial liabilities is as follows:

31-Mar-22 £'000		31-Mar-23 £'000
(209)	Less than 1 year	(22)
(428)	1 to 2 years	-
(42,438)	2 to 5 years	-
(41,767)	5 to 10 years	-
(83,535)	10 to 20 Years	(83,534)
(44,767)	20 to 40 years	(128,302)
(213,145)	Total	(211,858)

All trade payables are due to be paid in less than one year.

The risk that the Council will need to refinance, in the longer term, a significant proportion of its borrowing at a time when interest rates may be unfavorably high is addressed by close monitoring (by the Council and its treasury management advisors) of the status of loans outstanding, an analysis of current and forecast economic and market conditions and detailed consideration of the possibility of the premature repayment or rescheduling of the debt. The Council's TMS sets upper and lower limits on the maturity structure of its borrowing.

Market Risk

Interest Rate Risk - The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise.
- borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowing and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments classed as measured at fair value will be reflected in Other Comprehensive Income and Expenditure.

The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates. At 31 March 2023, £211.8 million of net principal borrowed (i.e. debt net of investments) was exposed to fixed rates and £10.0 million (net investments) to variable rates.

If, at 31 March 2023, all interest rates had been 1% higher (with all other variables held constant) the financial effect would have been:

Impact of 1% Change in Interest Rates	£'000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	(107)
Decrease in fair value of loans and receivables *	(14)
Decrease in fair value of fixed rate borrowings/liabilities *	(48)

* No impact on Comprehensive Income and Expenditure.


The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

36. LONG-TERM DEBTORS

31-Mar-22 £'000	Long Term Debtors	31-Mar-23 £'000
3,220	Other Long Term Loans	-
118	Service Charge Loans IAMAC	166
97	Service Charge Debtor	583
260	Renovation Grants	258
979	HTS Loans House Purchases	973
394	HTS VPFE	259
66	Soft Loans	91
5,134	Sub Total	2,330
-	Allowance for doubtful debt (other entities and individuals)	
5,134	Total	2,330



SUPPLEMENTARY FINANCIAL STATEMENTS



Housing Revenue Account

Financial Statements

HOUSING REVENUE ACCOUNT

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and Government grants. Councils charge rents due to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

The account has to be self-financing, and the total cost is met by income from rents, charges and Government subsidies. Contributions to or from Council Taxpayers, other than for strictly defined purposes, are not permitted under the Local Government and Housing Act 1989.

The balance on this account is not in accordance with the statutory provisions that specify the net expenditure that councils need to take into the Housing Revenue Account. In order to give a full presentation of the financial performance of the Council during the year and the actual spending power carried forward, the balance on this account needs to be reconciled in the Movement on the Housing Revenue Account Statement to the amount established by the relevant statutory provision (see following statement).

31-Mar-22 Restated £'000	HRA - Income and Expenditure Statement	31-Mar-23 £'000
	Expenditure	
11,527	Repairs & Maintenance	11,088
13,172	Supervision & Management	14,273
207	Rents, Rates, Taxes & Other Charges	154
11,364	Depreciation & Impairment of Non-Current Assets	9,806
15	Amotisation of Intangible Assets	14
215	Movement in the allowance for bad debts	227
2	Sums directed by the Secretary of State that are expenditure in accordance with the CODE	1
36,502	Total Expenditure	35,563
	Income	
(43,525)	Dwelling rents	(45,110)
(1,021)	Non-dwellings rents	(1,056)
(3,861)	Charges for Services & Facilities	(4,663)
(361)	Contributions towards expenditure	(287)
(48,768)	Total Income	(51,116)
(12,266)	Net Cost of HRA Services as included in the Comprehensive Income & Expenditure Statement	(15,553)
(12,266)	Net income for HRA services	(15,553)
	HRA share of Other Operating Income and Expenditure	
(4,085)	(Gain) or loss on sale of HRA Non-Current Assets	(3,247)
7,085	Interest payable and similar charges	7,289
(110)	Interest and investment income	(548)
(9,376)	(Surplus)/Deficit for the year on HRA services	(12,059)

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

The HRA Income and Expenditure Account show the actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the Council is required to account for its statutory housing activity on a different accounting basis, the main differences being that:

- the difference between the calculated depreciation on HRA assets and the Housing Subsidy Major Repairs Allowance has to be adjusted back into the balance for the year,
- the gain or loss on the disposal of HRA assets has to be reversed before a final balance is calculated; and
- any impairment on HRA assets, either due to economic consumption or valuation, has to be reversed from the account before a statutory balance can be finalised.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the Housing Revenue Account Balance.

31-Mar-22 Restated £'000	Movement on the HRA Statement	Note	31-Mar-23 £'000
(15,217)	Balance on the HRA as the end of the previous year		(11,987)
(9,376)	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		(12,059)
8,136	Adjustments between accounting basis and funding basis under statute	H1	4,186
4,316	Net transfer to or (from) General Fund		4,701
3,076	Net increase or Decrease before transfers to or from reserves		(3,172)
154	Transfers to or (from) reserves	H2	1,350
3,230	(Increase) or decrease in year on the HRA		(1,822)
(11,987)	Balance on the HRA as at 31st March		(13,809)

H1. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER STATUTE

31-Mar-22 (Restated) £'000		31-Mar-23 £'000
	Items included in the HRA Income and Expenditure Account but excluded from the Movement on the HRA Balance for the year:	
(15)	Amortisation of Intangible Assets	(14)
(456)	Revaluation loss on Property, Plant & Equipment	1,290
11	Reversals of Impairment of Fixed Assets	
(10,920)	Depreciation	(11,096)
4,085	Net Gain/(Loss) on sale of HRA Fixed Assets	3,248
-	Financial Instruments	(2)
(324)	Employer's contribution payable to the ECC Pension Fund and retirement benefits payable direct to pensioners	(353)
10,920	Transfers To/From the Major Repairs Reserve	11,110
-	Application of Capital grants to finance capital expenditure	-
(46)	Accumulated Absences	3
	Items not included in the HRA Income and Expenditure Account but to be included in the Movement on the HRA Balance for the year:	
4,881	Capital Expenditure Funded by the HRA	-
8,136	Net additional amount required by statute to be debited/(credited) to the HRA Balance for the year	4,186

H2. TRANSFERS TO / (FROM) RESERVES

31-Mar-22 Restated £'000	Transfers to / (from) Reserves	31-Mar-23 £'000
	Items included in the HRA Income and Expenditure Account but excluded from the Movement on the HRA Balance for the year:	
262	Contribution to Insurance Fund	262
431	Contribution to Perpetuity Earmarked Reserves	357
12	Interest on Earmarked Reserves	67
(103)	Contribution from Insurance Fund	(174)
(448)	Contribution from Perpetuity Earmarked Reserves	(521)
-	Contribution to Pensions Reserve	1,333
-	Contribution to Earmarked Grants Reserve	26
154	Net additional amount required by statute to be debited/(credited) to the HRA Balance for the year	1,350

H3. ANALYSIS OF THE HOUSING STOCK

31-Mar-22 £'000	Analysis by Type of Dwelling	31-Mar-23 £'000
5,540	Houses and Bungalows	5,525
3,539	Flats and Maisonettes	3,524
11	Equity Share Ownership (ESO)	11
5	Houses of Multiple Occupation (HMO)	5
-	Assets (Dwellings) Under Construction (AUC)	-
-	Assets (Dwellings) Held for Sale under Right to Buy	-
9,095	Total Dwellings	9,065

4.88%	Percentage of ESO owned by the Council	4.88%
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31-Mar-22 £'000	Analysis by Number of Bedrooms	31-Mar-23 £'000
396	Bedsitters	396
2,038	1 Bedroom	2,035
3,507	2 Bedrooms	3,492
2,807	3 Bedrooms	2,799
317	4 Bedrooms	313
25	5 Bedrooms	25
5	HMO 6 Bedrroms or more	5
9,095	Total Dwellings	9,065

H4. BALANCE SHEET VALUES FOR THE HOUSING STOCK

31-Mar-22 Restated £'000	Balance Sheet Values for the Housing Stock	31-Mar-23 £'000
181,248	Council Dwellings:	193,892
578,215	Land	643,225
759,463	Dwellings	837,117
39,872	Other land and buildings	24,029
298	Infrastructure and community assets	1,703
2,958	Assets under construction	3,469
1,193	Surplus assets not held for sale	1,920
886	Assets held for sale	2,210
804,671	Total HRA Balance Sheet Values	870,448

H5. VACANT POSSESSION

The vacant possession value of the Council's Housing stock is shown below. It shows the economic cost of providing council housing at less than market rents.

31-Mar-22 £'000	Balance Sheet Values at Vacant Possession	31-Mar-23 £'000
1,998,587	Vacant possession Value of Dwellings	2,202,940
1,998,587	Total HRA Balance Sheet Values	2,202,940

H6. IMPAIRMENT CHARGES

There were no material impairment charges on the Housing Revenue Account for 2022/23.

H7. CAPITAL EXPENDITURE AND FINANCING

31-Mar-22 £'000	Capital Expenditure and Financing	31-Mar-23 £'000
	HRA Capital Expenditure	
15,089	Dwellings Stock	20,534
333	Non-Dwellings works	353
3,066	Assets under Construction	1,928
34	Investment in Information Technology	259
18,522	Total HRA Capital Expenditure	23,074
	Financed by:	
762	Grants and Contributions	-
191	Capital Receipts	1,004
4,880	Revenue Contributions	1,749
12,689	Major Repairs Reserve	-
-	Borrowing for New Builds and House Purchases	11,110
18,522		23,074

H8. CAPITAL RECEIPTS

31-Mar-22 Restated £'000	Capital Receipts	31-Mar-23 £'000
9,415	Sale of Council Houses - Direct	7,493
	Other (including shared ownership)	239
137	Other (including shared ownership) - Deferred	105
9,552	Total Capital Receipts	7,837

H9. CHARGES FOR DEPRECIATION

31-Mar-22 Restated £'000	Charges for Depreciation and Amortisation	31-Mar-23 £'000
10,634	Council Dwellings	10,909
231	Other land and buildings	44
9	Infrastructure and community assets	71
46	Surplus assets held for sale	32
-	Vehicles, Plant & Equipment	40
15	Intangible assets - amortisation	14
10,935	Total	11,110

31-Mar-22 £'000	Depreciation split - Operational and Non-operational	31-Mar-23 £'000
10,634	Operational Assets	10,909
301	Non-Operational Assets	201
10,935	Total HRA Balance Sheet Values	11,110

H10. MOVEMENT ON THE MAJOR REPAIRS RESERVE

31-Mar-22 Restated £'000	Movement on the Major Repairs Reserve	31-Mar-23 £'000
1,769	Balance as at 1st April	
10,920	Transfers in - Depreciation	11,110
(12,689)	Capital Spending on the Housing Stock met by the Reserve	(11,110)
0	Balance as at 31st March	0

H11. HRA SHARE OF CONTRIBUTIONS TO/ FROM THE PENSIONS RESERVE

With effect from 2017/18 the accounting statements, upon cessation of the organisation, include Kier Harlow pension figures. Also incorporated within the single entity accounts are the HTS (Property and Environment) Ltd IAS19 reported figures.

The actual payments for pensions made to the pension fund from the HRA of £591,004 (2021/22: £412,364) plus the continuing pension payments in relation to underfunding and early retirements awarded to HRA employees of £392,046 (2021/22: £1,693,560) are removed from the HRA and replaced by the current service cost applying the principles of IAS 19 making a total amount removed of £630,807 (2021/22: £905,000). The corresponding entry is to the Pensions Fund Reserve

The current service cost included in the HRA is the IAS 19 reported sum of £1,335,653 (2021/22: £1,281,000) which represents the pension costs of current staff.

H12. RENT ARREARS

Outstanding tenant rent arrears at 31 March 2023 total £2,905,445 plus £70,258 in overpaid housing benefit (£3,063,066 and £77,048 as at March 2022). An allowance for the impairment of debts has been made as at 31 March 2023 totalling £2,725,602 (£2,099,258 at March 2022).

Net arrears exclude prepayments of as at 31 March 2023 totalling £1,768,145 (£2,033,103 as at March 2022)

31-Mar-22 £'000	Rent Arrears	31-Mar-23 £'000
1,785	Due from Current Tenants	1,685
1,278	Due From Former Tenants	1,220
3,063	Arrears (gross)	2,905
(1,030)	Prepayments	(1,137)
2,033	Net Arrears	1,768

These arrears include all charges due from tenants i.e. rent, rates, heating and other charges.



Collection Fund

Financial Statements

GROUP ACCOUNTS

COLLECTION FUND

NNDR 2021/22 £'000	Council Tax 2021/22 £'000	Total 2021/22 £'000		NNDR 2022/23 £'000	Council Tax 2022/23 £'000	Total 2022/23 £'000
(34,805)	(54,755)	(54,755) (34,805) -	Income Council Tax Non-domestic ratepayers - Contributions to previous year's deficit - Harlow District Council - Department for Levelling Up, Housing & Communities (DLUHC) - Reduction in impairment allowance Reduction in provision for appeals	(39,660)	(57,983)	(57,983) (39,660) - - - - -
(34,805)	(54,755)	(89,560)	Total Income	(39,660)	(57,983)	(97,643)
(9,152) (2,059) (229) (11,438)	75 352 53 20	(9,077) (1,707) 53 (209) (11,438)	Expenditure Apportionment of Previous Year Surplus (Deficit) Harlow District Council Essex County Council Essex Police Authority Essex Fire Authority Central Government Share	(5,644) (1,270) (141) (7,055)	493 2,289 356 126	(5,151) 1,019 356 (15) (7,055)
(22,877)	500	(22,377)	Precepts, Demands and Shares Harlow District Council Essex County Council Essex Police Authority Essex Fire Authority DLUHC	(14,110)	3,264	(10,846)
18,881 4,248 472 23,602	7,912 36,722 5,711 2,024 -	26,793 40,970 5,711 2,496 23,602	Disregarded Amounts Enterprise Zone Charges to Collection Fund Increase in impairment allowance Increase in provisions for appeals Interest on refunds Cost of Collection Write-offs of uncollectable amounts Transitional protection payments	14,788 3,327 370 18,485	8,075 39,161 6,107 2,105	22,863 42,488 6,107 2,475 18,485
47,203	52,368	99,571		36,970	55,448	92,418
866 312 2,643 111 263 3,328	- 32	866 344 2,643 111 263 3,361		(551) (1,276) 799 111 135 (782)	631	80 (1,276) 799 111 135 (151)
28,520	52,901	81,421	Total Expenditure	22,078	59,343	81,421
(6,285)	(1,855)	(8,140)	Deficit/(Surplus) arising during the year	(17,582)	1,360	(16,222)
24,345 18,060	(1,130) (2,985)	23,215 15,075	(Deficit)/Surplus brought forward 1st April 2022 (Deficit)/Surplus carried forward 31 March 2023	18,060 478	(2,985) (1,625)	15,075 (1,147)

CF1. Business Rates

National Non-Domestic Rates (also known as NNDR or Business Rates) are based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate (a "multiplier") set nationally by Central Government. The national multipliers for 2022/23 were 49.9p for qualifying small businesses and 51.2p for all other businesses (49.9p and 51.2p respectively in 2021/22).

The NNDR income due (after exemptions and reliefs) of £40.441 million for 2022/23 (£34.805 million for 2021/22) was based on an average rateable value for the Council's area of £105.196 million for the year (£105.257 million in 2021/22).

CF2. Council Tax

GROUP ACCOUNTS

Council Tax income derives from charges raised according to the value of residential properties (estimated as at 1 April 1991), which have been classified into eight valuation bands. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Essex County Council, Essex Police and Crime Commissioner, Essex Fire Authority and the Council for the forthcoming year and dividing this by the Council Tax base. The Council Tax base, which was 27,950 for 2022/23 (27,386.17 for 2021/22), is the aggregate of an adjusted total number of properties in each valuation band (reduced by allowances for discounts and an estimated collection rate) converted by a proportion to the number of Band D equivalent chargeable dwellings.

The Council Tax base was calculated as follows:

Valuation Band	Range of values at 1 April 1991	Total Dwellings	Dwellings after Discounts & Exemptions	Ratio to Band D	Band D Equivalent
A*Disabled	*	4	1	5/9	.56
A	Up to £40,000	2,618	1,551	6/9	1,034.00
B	£40,001-£52,000	8,116	5,598	7/9	4,354.00
C	£52,001-£68,000	18,967	15,691	8/9	13,947.56
D	£68,001-£88,000	4,601	4,087	9/9	4,087.00
E	£88,001-£120,000	2,824	2,612	11/9	3,192.44
F	£120,001-£160,000	1,101	1,039	13/9	1,500.78
G	£160,001-£320,000	429	402	15/9	670.00
H	More than £320,000	14	14	18/9	28.00
Total		38,674	30,995		28,814
Tax Base at 97% Collection Rate					27,950

CF3. Distribution of surplus/deficit

31-Mar-22			Distribution of (Surplus) /Deficit	31-Mar-23		
NNDR £'000	Council Tax £'000	Total £'000		NNDR £'000	Council Tax £'000	Total £'000
(7,224)	451	(6,773)	Harlow Council	(191)	246	54
(1,625)	2,095	470	Essex County Council	(43)	1,141	1,098
-	322	322	Essex Police and Crime Commissioner	-	175	175
(180)	116	(64)	Essex Fire Authority	(5)	63	58
(9,030)	-	(9,030)	DLUHC	(239)	-	(239)
(18,060)	2,985	(15,075)		(478)	1,625	1,147

GROUP ACCOUNTS

Group Accounts for the year ended 31 March 2023

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 material subsidiary companies are consolidated with those of the Council. The resulting Group Accounts are presented in addition to the Council's single entity accounts. The accounts have been prepared in accordance with the Code.

The Council's wholly owned subsidiary company, Harlow Trading Services (Property & Environment) Ltd. ("HTS"), began active trading on 1 February 2017 and its accounts have been consolidated with the Council's and are shown below.

Accounting Policies

HTS has prepared 2022/23 accounts using, in the main, accounting policies consistent with those applied by the Council. The major exception is in respect of employee pensions. HTS is an admitted body to the Local Government Pension Scheme and, as such, it makes fixed contributions to the pension fund and its employees in the scheme are entitled to the post-employment benefits from the scheme. The Council makes further contributions to the fund in respect of HTS employees to ensure that the pension liability attributable to HTS is fully funded.

This pension fund liability is excluded from both the pension disclosures in the single entity accounts of the Council and the accounts of the company. HTS's accounting policies have been aligned to those of the Council so that the liability is reflected in the Group Accounts. In addition, there is a minor adjustment for depreciation to align accounting policies and the effect of IFRS 16 accounting for leases is removed from the HTS accounts. The Council's accounts do not reflect IFRS16 accounting for leases as the Council is not required to adopt of IFRS 16 yet. Adoption has been deferred to the 2024/25 Code and will apply from 1 April 2024. The effect of IFRS 16 has therefore been excluded from the group accounts.

HTS's accounts have been consolidated with those of the Council on a line-by-line basis, and any balances and transactions between parties have been eliminated. HTS's income and expenditure, adjusted for transactions with the Council, is included on the relevant service lines in the Comprehensive Income and Expenditure Statement; and Balance Sheet values are incorporated into the relevant heading of the Balance Sheet, removing balances owed between the two parties. It should be noted that the Group Accounts include the Pension Reserve as a Usable (Distributable) Reserve whereas in the Council's single entity accounts the Pension Reserve is classified as an Unusable Reserve. This is due to there being a difference in the classification of the Reserve in the Public and Private Sectors. This does not affect the true and fair presentation of the Group Accounts.

GROUP ACCOUNTS

Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council and HTS, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or 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 Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and rent setting purposes. The net increase/ decrease before transfers to earmarked reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Movements in Reserves during 2022/23	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
Balance at 1 April 2022	(76,772)	12,638	(64,134)	(679,617)	(450)	(680,067)	(744,201)
Adjustments to opening Balances	0		0	0			
Adjusted Balance as at 1st April 2022 Bfwd	(76,773)	12,638	(64,134)	(679,617)	(450)	(680,067)	(744,201)
Group (Surplus)/Deficit	(1,745)	(98)	(1,843)				(1,843)
Other Comprehensive Expenditure and Income		(24,115)	(24,115)	(103,458)		(103,458)	(127,573)
Total Comprehensive Expenditure and Income	(1,745)	(24,213)	(25,958)	(103,458)		(103,458)	(129,416)
Adjustments between Accounting Basis and Funding Basis under Regulations	3,565		3,565	(3,565)		(3,565)	
Increase / Decrease in Year 2022/23	1,820	(24,213)	(22,393)	(107,023)		(107,023)	(129,416)
Balance at 31 March 2023 carried forward	(74,953)	(11,575)	(86,527)	(786,640)	(450)	(787,090)	(873,618)

Movements in Reserves during 2021/22 (Restated)	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
Balance at 1 April 2021 Brought Forward	(77,526)	16,778	(60,748)	(596,198)	(450)	(596,648)	(657,396)
Adjustments to opening Balances			0			0	0
Adjusted Balance as at 1st April 2021 Bfwd	(77,526)	16,778	(60,748)	(596,198)	(450)	(596,648)	(657,396)
Group (Surplus)/Deficit	(2,224)	(71)	(2,295)				(2,295)
Other Comprehensive Expenditure and Income		(4,069)	(4,069)	(80,441)		(80,441)	(84,510)
Total Comprehensive Expenditure and Income	(2,224)	(4,140)	(6,364)	(80,441)		(80,441)	(86,805)
Adjustments between Accounting Basis and Funding Basis under Regulations	2,978		2,978	(2,978)		(2,978)	
(Increase)/Decrease in Year 2021/22	754	(4,140)	(3,386)	(83,419)		(83,419)	(86,805)
Balance at 31 March 2022 Carried Forward	(76,772)	12,638	(64,134)	(679,617)	(450)	(680,067)	(744,201)

GROUP ACCOUNTS

Group Comprehensive Income and 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.

2021/22 Restated			Note	2022/23		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
212	-	212		262	-	262
14,959	(6,205)	8,754		6,752	(6,697)	55
41,395	(25,563)	15,832		33,146	(28,289)	4,857
5,887	(486)	5,401		6,504	(275)	6,229
9,400	(7,066)	2,334		9,318	(8,476)	842
3,979	(858)	3,121		3,349	(1,913)	1,436
36,502	(48,768)	(12,266)		35,244	(51,114)	(15,870)
21,990	(25,735)	(3,745)		2,248	(17,927)	(15,678)
134,325	(114,681)	19,644		96,823	(114,690)	(17,867)
		(3,808)				(740)
		8,025				7,063
		(32,501)				(14,620)
		(8,640)				(26,164)
		(28,728)				(88,666)
		(326)				358
		(51,387)				(15,150)
		(80,441)				(103,458)
		(89,081)				(129,622)

Note: the 2021/22 Costs of Services have been restated – following a restructure of the services

GROUP ACCOUNTS

Group Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the group. The net assets of the group (assets less liabilities) are matched by the reserves held by the group.

2021/22 Restated £'000		2022/23 £'000
962,013	Property, Plant and Equipment	1,083,570
1,737	Heritage Assets	1,751
2,837	Investment Property	2,766
410	Intangible Assets	728
4,683	Long Term Investments	4,325
5,134	Long Term Debtors	2,200
-	Long term Provisions	-
976,813	Long Term Assets	1,095,341
513	Short-Term Investments	524
2,243	Assets Held for Sale	174
132	Inventories	3,044
33,086	Short-Term Debtors	16,720
34,060	Cash and Cash Equivalents	22,578
57	Current Tax Asset Group only	2
70,091	Current Assets	43,042
(224)	Short-term Borrowing	(22,613)
(53,510)	Short-term Creditors	(23,209)
(2,157)	Short-term Provisions	(1,648)
(55,890)	Current Liabilities	(47,470)
(167)	Long-term Creditors	(481)
(214,523)	Long-term Borrowing	(214,039)
(17,758)	Other Long-term Liabilities	4,354
(331)	Grants Receipts in Advance - Capital	(7,016)
(79)	Deferred Tax Liability	(114)
(232,858)	Long Term Liabilities	(217,296)
758,157	Net Assets	873,617
(78,090)	Usable Reserves	(86,528)
(680,067)	Unusable Reserves	(787,089)
(758,157)	Total Reserves	(873,617)

GROUP ACCOUNTS

Group Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the group during the reporting period. The statement shows how the group 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 group are funded by way of taxation and grant income or from the recipients of services provided by the group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the group'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 group.

2021/22 Restated £'000		2022/23 £'000
6,254	Net Surplus or (Deficit) on the Provision of Services	26,161
42,541	Adjust to Surplus or Deficit on the Provision of Services for Non Cash Movements	(12,943)
(15,585)	Adjust for Items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	(2,708)
33,210	Net Cash flows from Operating Activities	10,510
(9,421)	Investing Activities	(39,803)
1,422	Financing Activities	17,981
25,211	Net Increase or Decrease in Cash and Cash Equivalents	(11,312)
8,849	Cash and Cash Equivalents at the beginning of the Reporting Period	33,891
34,060	Cash and Cash Equivalents at the End of the Reporting Period	22,580

GROUP ACCOUNTS

Notes to the Group Accounts

G1 Property, Plant and Equipment

Movements in 2022/23	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets under Construction £'000	Total Property Plant and Equipment £'000
Cost Valuation:								
At 1 April 2022	763,134	173,767	14,385	10,821	1,657	1,283	20,002	985,047
Adjustments to opening balance	-	-	-	-	-	-	-	-
Additions	20,534	25,943	1,346	413	1,872	15	1,948	52,072
Donations	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	71,331	9,306	-	-	-	1,478	-	82,116
Revaluation increases/ (decreases) recognised in the Surplus/(Deficit) on the Provision of Services	1,289	343	-	-	-	3	-	1,635
Impairments recognised in RR	-	-	-	-	-	-	-	-
Impairments Recognised in S/D	-	-	-	-	-	-	-	-
Reversal of impairments	-	-	-	-	-	-	-	-
Derecognition - Disposals	(4,551)	-	(403)	-	-	-	-	(4,953)
Derecognition - Other	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	99	(99)	-
Other movements in cost or valuation	(13,556)	-	-	-	-	-	-	(13,556)
Balance as at 31 March 2023	838,181	209,359	15,328	11,234	3,528	2,879	21,851	1,102,360
Accumulated Depreciation and Impairment:								
At 1 April 2022	(4,731)	(4,206)	(10,155)	(3,879)	(44)	(25)	(9)	(23,048)
Adjustment to opening balance	-	-	-	-	-	-	-	-
Depreciation Charge	(11,120)	(2,550)	(1,195)	(396)	(23)	(10)	-	(15,294)
Depreciation written out to the Revaluation Reserve	-	-	-	-	-	-	-	-
Depreciation written out to the Surplus/(Deficit) on the Provision of Services	-	-	-	-	-	-	-	-
Impairments Recognised in S/D	-	-	-	-	-	-	-	-
Impairments recognised in RR	-	-	-	-	-	-	-	-
Assets reclassified	-	-	-	-	-	-	-	-
Other movements in cost or valuation	15,771	3,358	403	-	-	13	-	19,544
At 31 March 2023	(80)	(3,399)	(10,947)	(4,275)	(66)	(22)	(9)	(18,798)
Net Book Value at 31 March 2023:	838,101	205,961	4,381	6,959	3,462	2,857	21,842	1,083,562

Statement of Accounts 2022/23

GLOSSARY OF TERMS AND ABBREVIATIONS

GLOSSARY OF TERMS AND ABBREVIATIONS

This glossary of terms and abbreviations is designed to aid interpretation of the Council's Statement of Accounts.

Accounting Period

A period of 12 months commencing on 1 April also referred to as "financial year of account" or "financial year". The end of the accounting period (31 March) is the Balance Sheet date.

Accruals

Amounts included in the accounts for income or expenditure relating to the financial year for which payment has not been received or made in the financial year. The Council accrues for both revenue and capital items.

Amortisation

The measure of the cost of economic benefits derived from intangible fixed assets that are consumed during the period, charged to the Income and Expenditure Account. It reduces the carrying value of these assets in the Balance Sheet and is similar to a depreciation charge.

Annual Governance Statement

This is a statutory document that explains the processes and procedures in place to enable the Council to carry out its functions effectively.

Assets Held for Sale

Assets are classified as held for sale if their carrying amount is going to be recovered principally through a sale transaction rather than through continued use. This excludes any assets that are going to be abandoned or scrapped at the end of their useful lives.

Balances (or Reserves)

These are accumulated funds available to the Council. Some balances (reserves) may be earmarked for specific purposes for funding future defined initiatives or meeting identified risks or liabilities; and some that are technical only and may not be used to finance services.

Billing Authority

A billing authority is a local authority responsible for collecting Council Tax and Non-Domestic Rates.

Business Rates

Business Rates (sometimes referred to as Non-Domestic Rates or NDR) are charged on most non-domestic premises, including commercial properties such as shops, offices, pubs, warehouses and factories. The sums collected by the Council are distributed to Central Government (50%) and to local authorities for the area (Harlow Council 40%, Essex County Council 9% and Essex Fire Authority 1%).

Capital Expenditure

Spending which produces or enhances an asset such as land, buildings, roads, vehicles, plant and machinery, and intangible assets such as computer software. Only expenditure that directly relates to bringing the asset in use may be treated as capital expenditure. Any expenditure which does not fall within the definition must be charged to a revenue account.

GLOSSARY OF TERMS AND ABBREVIATIONS

Capital Adjustment Account

This is an account that reflects financing of capital from revenue and capital receipts together with the adjustment of the minimum revenue provision.

Capital Receipts

Proceeds from the sale of non-current assets such as land and buildings which can be used to repay any outstanding debt on fixed assets or to finance new capital expenditure, within rules set down by Government. Capital receipts cannot be used to finance revenue expenditure.

Carrying Amount

The value at which an asset is shown in the Balance Sheet after deducting any accumulated depreciation and impairment losses.

Chartered Institute of Public Finance and Accountancy (CIPFA)

The professional accountancy body concerned with local authorities and the public sector.

Code of Practice (The Code)

The Code of Practice on Local Authority Accounting in the United Kingdom (issued by CIPFA) defines proper accounting practices to be adopted for the Statement of Accounts to ensure they 'present a true and fair view of the financial position of the Council. The Code incorporates guidance in line with IFRS, IPSAS and UK GAAP Accounting Standards and carries statutory status via the provision of the Local Government Act 2003. An updated version is published every year.

Collection Fund

This is a statutory fund set up under the provisions of the Local Government Finance Act 1988. It includes the transactions of the charging authority in relation to Business Rates and Council Tax, and illustrates the way in which the fund balance is distributed to the Government, preceptors and the Council.

Collection Fund Adjustment Account

This is a reserve that reconciles differences between statutory requirements as a Billing Authority and proper accounting practice.

Community Assets

The class of Non-current Assets held in perpetuity that have no determinable useful life and may have restriction on their disposal.

Componentisation

For some assets it is possible to identify parts of that asset separately which then, by their nature, can be depreciated separately according to their individual economical lives. For example, components in a building might comprise land, building structure, major mechanical and electrical items, all of which would have different useful lives and so would be depreciated at different rates.

Consumer Price Index (CPI)

This is a measure of inflation that examines changes in the weighted average of prices of a basket of consumer goods and services. Changes in CPI are used to assess price changes associated with the cost of living.

GLOSSARY OF TERMS AND ABBREVIATIONS

Contingent Assets/Liabilities

These are potential gains and losses for which a future event will establish whether a liability or asset exists and for which it is inappropriate to set up a debtor or provision in the accounts.

Deferred Capital Receipts

Arise when non-current assets are sold and the amounts owed by the purchasers are repaid over a number of years, e.g. mortgages. The balance is reduced by the amount principal repayable in any financial year.

Depreciation

A charge made to the revenue account that represents a measure of the wearing out, consumption or other reduction in the useful life of a fixed asset.

DWP

The Department for Work and Pensions, which is a Central Government department that administers the State Pension and a range of working age, disability and ill health benefits.

Earmarked Reserves

Funds set aside for a specific purpose, or a particular service, or type of expenditure.

Finance Lease

An arrangement whereby the lessee is treated as the owner of the leased asset, and is required to include such assets within the non-current assets on the balance sheet.

Financial Instruments

This is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Examples include bank deposits, cash, investments, debtors (or receivables), long-term debtors, creditors, temporary loans and borrowings.

Non-current Assets - Tangible

These are any assets with a physical presence such as land and buildings and which yield benefits to the Council and the services it provides for a period of more than one year.

Non-current Assets – Intangible

There are any assets which are of benefit to the organisation but have no physical presence, e.g. as software licences.

General Fund

This is the primary account through which all the Council's non-HRA related transactions pass. The balance at year-end is not earmarked for any specific purpose.

Harlow Trading Services (Property & Environment) Ltd (HTS)

This is a company set up by the Council and it is wholly owned subsidiaries of HTS Group Ltd. Services provided by HTS include housing repairs and maintenance, capital and planned works, facilities management, environmental and compliance services. These are provided to the tenants, leaseholders and residents of Harlow.

Housing Beacons

GLOSSARY OF TERMS AND ABBREVIATIONS

These are dwellings that are used in valuing the Council's housing stock. A typical dwelling has been identified for each dwelling type that the Council owns e.g. a 3-bedroom semi-detached, a 2-bedroom bungalow. These are known as Beacon Properties and the valuer will value these Beacon Properties and the value for each Beacon Property will be applied to all properties of the same Beacon type. This approach is taken as it would take too long and be too costly to value every single dwelling that the Council owns.

Infrastructure Assets

These are assets which have no tangible value such as highways and roads.

International Accounting Standard Board (IASB)

This is an accounting standards setting body. The Council will comply with the accounting standards when preparing the Statement of Accounts. It should be noted that compliance with statute will override compliance with the accounting standards and so adjustment will be made in the accounts to move from one position to the other where required.

International Financial Reporting Standards (IFRS)

These are accounting standards which are recognised globally and are ones that the Council will comply with in preparing the accounts initially. Adjustments will be made to the accounts prepared in accordance with the standards in order to present a position that complies with statute.

Impairment

This is an accounting adjustment made to the value of an asset when its carrying amount (the amount at which an asset is recognised in the Balance Sheet after deducting accumulated depreciation and impairment losses) exceeds its recoverable amount (the higher of assets fair value less cost of sale and its value in use).

Intangible Assets

Assets which are of benefit to the organisation but have no physical presence such as software licences, or goodwill which is more commonly found in the private sector.

International Public Sector Accounting Standards (IPSAS)

These are a set of accounting standards issued by the IPSAS Board for use by public sector entities around the world in the preparation of financial statements.

Investment Property

These are land and buildings, or part of a building held solely to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of operations.

Investments – Short-Term

These are cash deposits for less than one year with approved institutions.

Loans and Receivables

These are sums invested by the Council that are not quoted in an active market; and short-term trade debtors.

Long-Term Debtors

These are debtors where the capital income is still to be received, for example, from the sale of an asset or the granting of a loan.

GLOSSARY OF TERMS AND ABBREVIATIONS

Medium Term Financial Strategy (MTFS)

This is the Council's strategic financial plan for the future five-year period. It takes into account the anticipated cost of future service plans and matches this with the Council's financial resources and its forecast levels of grant and other income. It is updated annually so that it is constantly looking at the next 5 years into the future.

Minimum Revenue Provision (MRP)

This is a charge made to the General Fund or HRA revenue accounts representing the setting aside of prudential sums for the repayment of debt. When a Council has incurred borrowing, there is a statutory requirement to set a prudent level of MRP for the General Fund.

MHCLG

This is the Ministry of Housing, Communities and Local Government - a Government department responsible for housing, planning, devolution and local government, as well as community issues.

Movement in Reserves Statement (MIRS)

This is a core financial statement which shows the movement in usable and unusable reserves (the Council's total reserve balances).

Net Realisable Value

The amount at which an asset could be sold after the deduction of any related selling costs.

Non-Current Assets

These are capital assets which provide benefits to the Council for more than a year.

Non-operational Assets

These are non-current assets held by an organisation but not directly occupied, used or consumed in the delivery of services. An example of a non-operational asset is an investment property or an asset being held pending its sale.

Operational Asset

These are non-current assets held by the Council which are used or consumed in the delivery of its services.

Operating Lease

This is an arrangement whereby the risks and rewards of ownership of the leased asset remain with the lessor.

Pension Fund

This is a pension scheme for employees, maintained by an administering authority, or a group of authorities, under statute primarily in order to make pension payments on retirement of scheme members. It is financed from contributions from both the employing authorities and the employees together with income from investments.

GLOSSARY OF TERMS AND ABBREVIATIONS

Perpetuity Reserves

These are funds received from a range of sources over many years which have covenants concerning their use (contractually binding obligations, usually indefinite in nature), or have other contractual or ring-fencing obligations incorporated within them.

Pooling of Housing Capital Receipts

This is the term given to the requirement to pay over to the Government a proportion of certain types of capital receipt, such as from the sale of council houses under the Right to Buy scheme.

Precept

This is the amount which an authority, e.g. a County Council, a Police Authority, requires from a Billing Authority (e.g. District Councils) to meet its expenditure requirements. The Billing Authority collects these sums on behalf of the precepting authorities from its residents through the Council Tax.

Profit on the sale of Non-Current Assets

The difference between the book value of an asset sold and the sale proceeds.

Provisions

Sums set aside to meet future expenditure where a specific liability is known to exist but cannot be measured accurately.

Receivables

These are sums due from customers and clients that the Council provides services to and are known as short-term trade debtors.

Reserves

These are amounts set aside, each for a specific purpose in one year and carried forward to meet future obligations.

Retail Price Index (RPI)

This is a measure of inflation that examines changes in the weighted average of prices of a basket of consumer goods and services. RPI includes the cost of mortgage interest in its calculation which is excluded from CPI.

Revenue

Costs and income relating to the day-to-day running of services e.g. salaries and wages, supplies and services, transport and fees from service-related income.

Revenue Expenditure Funded from Capital under Statute

This is capital expenditure which is allowable by statute to be funded from capital resources but which does not fall within the Code's definition of non-current assets (as the assets on which the expenditure is being incurred does not belong to the Council). Examples include grants and similar advances made to other parties to finance capital investment.

GLOSSARY OF TERMS AND ABBREVIATIONS

Revenue Support Grant

This is a Government grant provided by the MHCLG based on the Government's assessment as to what a Council should be spending on local services. The amount of grant is fixed at the beginning of each financial year.

Surplus Asset

This is a non-current asset not in use which does not meet the criteria of an Asset Held For Sale and is held as Property, Plant and Equipment.

Tangible Assets

These are assets that are property, plant or equipment which has long-term physical existence or is acquired for use in the operations of the organisation and is not specifically held for sale to customers.

UK Generally Accepted Accounting Practice (GAAP) Accounting Standards

These are accounting Standards and other guidance published by the UK's Financial Reporting Council (FRC).

INDEPENDENT AUDITOR'S REPORT AND CERTIFICATE

**INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF HARLOW DISTRICT COUNCIL**

**These accounts have been audited.
Report and Certificate published separately.**

ANNUAL GOVERNANCE STATEMENT

Harlow District Council - Annual Governance Statement 2022/23

1. Scope of responsibility

- 1.1. Harlow 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. 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.
- 1.2. In meeting this overall responsibility, the Council must put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.3. The Council has adopted a code of corporate governance (last reviewed November 2022) which is consistent with the principles of the 2016 CIPFA (Chartered Institute of Public Finance and Accounting)/SOLACE (Society of Local Authority Chief Executives) Framework *Delivering Good Governance in Local Government*.
- 1.4. This statement explains how the Council delivers good governance and reviews the effectiveness of these arrangements. It also meets the requirements of Regulation 6 of the Accounts and Audit Regulations 2015, in relation to the publication of an annual governance statement.

2. The purpose of the Governance Framework

- 2.1. The Governance Framework comprises the systems and processes, culture and values by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risks of failure to achieve policies, aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives. The system is designed to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3. The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).
- 2.4. The Council's governance framework has been in place within the Council for the year ended 31 March 2023.

3. The Governance Framework

- 3.1. The Council's Governance Framework has been set up over successive years and is reviewed annually to ensure its continuing effectiveness with regard to the seven CIPFA/SOLACE principles of delivering good governance, which are:
 - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

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- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the Council's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong financial management.
- Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

3.2. A brief description of the key elements of Governance Framework in place at Harlow Council is included as Appendix 1. The annual review of the effectiveness of this framework is covered in the next section.

4. Review of effectiveness

4.1. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by:

- a) work of the Senior Management Board (SMB) who have responsibility for the development and maintenance of the governance environment
- b) the role of the Cabinet and committees, including the Audit and Standards Committee and the Shareholders Sub Committee for the Council's wholly owned subsidiary company Harlow Trading Services
- c) the Head of Internal Audit's Annual Report
- d) comments made by the external auditors
- e) other review agencies and inspectorates

4.2. The review has been led by the Corporate Governance Group comprising the Director of Governance, the Section 151 Officer, a Policy and Performance representative, the Head of Internal Audit, the Insurance and Risk Manager, the Legal Services Manager and other officers when they have specific contributions to make. In carrying out the review, the Group has kept in mind the seven CIPFA/SOLACE principles of effective governance. The Group has considered the following evidence:

- a) Service Assurance Statements – Assistant Directors, in conjunction with their Directors, have completed a self-assessment covering the effectiveness of governance arrangements in their area. The self-assessments, which have been reviewed by Internal Audit, have been used to identify areas for improvement both at a service level and, where more than one service has identified an area for improvement; corporate actions have been added to the improvement plan covered in the next section.
- b) The Head of Internal Audit's annual opinion on the Council's control framework, delivered to the Audit and Standards Committee, as the body charged with governance.
- c) Based upon the results of work undertaken during the year it is the Head of Internal Audit's overall opinion that the Council has an adequate and effective governance, risk management and control framework for 2022/23. Areas for improvement were identified in a number of reviews and action plans agreed. Where significant deficiencies in control processes have been identified by Internal Audit, the actions that the Council's management plan to take will, if implemented satisfactorily, resolve the deficiencies in the appropriate manner.
- d) The ongoing work of External Audit with regards to the 2018/19 accounts and the

impact of this on subsequent year's accounts

- e) Where these exist, we have also used reports from other agencies and inspectorates. This includes the Local Government Association (LGA) Corporate Peer Challenge that was carried out 27 February to 2 March 2023 and the results formally reported May 2023, and available on the Council's website.

- 4.3. During the year the Corporate Governance Group has been responsible for monitoring and reviewing the corporate governance framework and for considering specific governance issues as they arise. The work of this group has strengthened many of the Council's governance processes and has addressed issues raised in the Annual Governance Statement. In particular, the group continues to ensure that there is better integration of the assurance framework and that the process for producing the Annual Governance Statement remains robust.

5. Overall opinion of Harlow's governance arrangements

- 5.1. This AGS demonstrates that the Council's governance arrangements have remained fit for purpose during 2022/23.
- 5.2. The Corporate Governance Group has undertaken an assessment of the arrangements for governance during 2022/23 including a review of the assurance checklists and statements submitted by Assistant Directors. It has concluded that arrangements are fit for purpose and working effectively, and this has been endorsed by SMB (Senior Management Board). As a result of this assessment, a small number of governance issues have been identified and made in order to further strengthen arrangements, as detailed in table two.

6. Governance Issues Identified

- 6.1. This final part of the Annual Governance Statement (AGS) outlines the actions taken, or proposed, to deal with significant governance issues identified. The Council's Corporate Governance Group, which monitors and reviews the corporate governance framework, has ensured that the issues raised in the previous AGS have been addressed as detailed in Table 1 below:

Table 1 – Progress on significant governance issues identified in the 2021/22 AGS

Significant issue identified in 2021/22 AGS with context	Action taken in 2022/23 to address the issue
<p>Economic issues</p> <p>At the time of writing the AGS, both national and global events had led to a very volatile economic situation. Unprecedented increases in inflation compared to previous years were being seen and availability of raw materials etc. a problem globally.</p> <p>This led to a direct impact on the Council in terms of potential cost increases including major works and projects. There may also be an indirect consequence with a potential increase in demand by those accessing Council services</p>	<p>During 2022.23 implications were monitored by SMB. It featured as key considerations in the reports presented to Cabinet during 2022/23 and in the development of the MTFS (Medium Term Financial Strategy) for 2023/24 and future years</p>
<p>Statement of Accounts</p> <p>As reported in the 2020/21 AGS, due to technical and resource issues there had been a delay in the final approval of the 2018/19 accounts. This still remains the case.</p> <p>Nationally, there has been an ongoing issue with councils being unable to get their final accounts audited. For Harlow, this has led to</p>	<p>Some progress is being made as the Audit and Standards Committee approved the 2018/19 Statement of Accounts at its October 2022 meeting (subject to agreement of statutory override in respect of Infrastructure Assets).</p> <p>The Council continues to work with its External Auditors to agree a timetable for the</p>

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Significant issue identified in 2021/22 AGS with context	Action taken in 2022/23 to address the issue
a knock-on effect regarding the 2019/20, 2020/21 and 2021/22 accounts, and in turn the 2022/23 accounts	outstanding audits and has updated the Audit and Standards Committee accordingly.
Financial Management Code review Carried over from the 2021/22 AGS action plan	Following the appointment of a permanent Assistant Director Finance and other appointments within the finance function an assessment will be undertaken in 2023/24 to ensure the Council can demonstrate compliance with the Code. Or, if there are deficiencies, develop an action plan to address these.
Common themes from the Service Assurance Statements were:	
Risk management and business/service planning Further work is required to develop and embed operational processes	Work undertaken in 2021/22 to better align service/business plans and risk management processes has continued into 2022/23 driven by the Council's recently created Wider Leadership Team.
Project management processes – corporate approach	The work of the project governance working group has concluded and a refreshed project management framework and methodology will be rolled out in 2023/24 via the Wider Leadership Team following endorsement by SMB (Senior Management Board).

- 6.2. In preparing this statement and reviewing the effectiveness of the Council's governance arrangements, the following areas have been identified for improvement. These are set out in the table below, together with the steps to be taken to address them:

Table 2: Areas for improvement or monitoring during 2023/24

Key improvement/review area	Action to be taken in 2023/24
<p>Economic issues</p> <p>Economic volatility, both nationally and globally, continues. This along with supply chain issues and inflation continuing to rise has a direct impact on the Council in terms of potential cost increases including major works and projects.</p> <p>The 2022/23 economic situation and the cost of living impact on residents did have an indirect consequence as there was an increase in demand by those accessing Council services in some areas.</p>	<p>Implications monitored by SMB and featured as key considerations in the reports presented to Cabinet and in the development of the MTFS (Medium Term Financial Strategy) for 2024/25 and future years.</p> <p>The Council has a specific Help With the Cost of Living page on its website, which includes useful websites, organisations and advice to help with rising costs.</p>
<p>Statement of Accounts</p> <p>As reported in last year's AGS, due to technical and resource issues there has been a delay in the sign off of the 2018/19 accounts. This will lead to a knock-on effect regarding the 2019/20, 2020/21, 2021/22 and 2022/23 accounts.</p> <p>Nationally, there has been an ongoing issue with councils being unable to get their final</p>	<p>The Council continues to work with its External Auditors to resolve the current issues. Once resolved a timetable will be agreed regarding the outstanding accounts. The Audit and Standards Committee continues to be kept abreast on progress.</p>

Key improvement/review area	Action to be taken in 2023/24
accounts audited.	
<p>LGA Corporate Peer Challenge action plan</p> <p>The Corporate Peer Challenge report identified a number of areas for development. Those pertinent to this AGS include:</p> <ul style="list-style-type: none"> • Development of a new corporate strategy, aligned with a refreshed Medium Term Financial Plan • Developing a more transparent decision making process 	The Council's progress against its Corporate Peer Challenge action plan will be monitored by SMB and Cabinet
<p>Regeneration</p> <p>The Council has a number of exciting regenerations opportunities reflected in the Harlow and Gilston Garden Town (HGGT) project and the £100m of investment that has been secured for the town centre.</p> <p>Delivery of these will be key to the success of the town.</p>	There are a number of governance structures in place for both the HGGT and town centre projects. These will be overseen by SMB and Cabinet.
<p>Harlow Trading Services</p> <p>The Council has commissioned a number of reports to help decide the short, medium and long-term priorities of the company and the processes required to deliver these.</p>	Progress against the action plans coming out of the consultant reports regarding HTS will be monitored by SMB, the Shareholders Sub Committee Cabinet and Cabinet
<p>Financial Management Code review</p> <p>Carried over from last year's AGS action plan</p>	An assessment will be undertaken to ensure the Council can demonstrate compliance with the Code. Or if there are deficiencies, develop an action plan to address these.
Common theme from the Service Assurance Statements were:	
Project management processes – corporate approach	During 2023/24 the work of the project governance working group will be endorsed by SMB and rolled out, first for capital projects, and then expanded to include all projects
Succession planning	The conclusions from the Local Government Association Peer Challenge highlighted the need for a more consistent approach across the organisation for development opportunities and succession planning, and forms part of the action plan.

- 6.3. The Corporate Governance Group will oversee this action plan over the coming year and report on progress to the Audit and Standards Committee. The Group will ensure that governance issues are promoted, addressed and monitored in a co-ordinated manner throughout the next financial year.

We, the undersigned, are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness. The Council's Governance Group will monitor their implementation and operation throughout the year and report progress as part of our next annual review.

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Signed By:

Date: 13/07/23

(Leader of the Council)

Signed By:

Date: 13/07/23

(Chief Executive)

INTEGRITY	OPENNESS	VISION	OUTCOMES	CAPACITY AND CAPABILITY	RISK AND PERFORMANCE	ACCOUNTABILITY
Behave with integrity, demonstrating a strong commitment to ethical values and respect the rule of law.	Ensure openness in its culture and engage comprehensively with stakeholders, citizens and service users.	Have a clear vision and defined desired outcome in terms of sustainable, social and environmental benefit.	Have in place interventions necessary to optimise the achievement of its intended outcomes.	Develop the Council's capacity and capability of its leadership and staff	Manage the Council's risk and performance through robust internal control and strong public finance management.	Implement good practice in transparency, reporting and audit to deliver effective accountability.
Annual Governance Statement 2022/23						
<ul style="list-style-type: none"> • A robust whistleblowing policy and zero tolerance approach to fraud and corruption. • The Constitution sets out codes of conduct for Councillors and Officers. • The Constitution, which had a fundamental review in February 2022, sets out decision making framework, gives clear definitions of roles and responsibilities and a protocol for how 	<ul style="list-style-type: none"> • Leadership encourages open and supportive culture. • Standard committee report format and publicly available modern.gov system for reporting. • Strategy for encouraging stakeholder involvement. • Overview and Scrutiny Committee 	<ul style="list-style-type: none"> • A 2021-24 Corporate Strategy which is in the process of being updated • Adopted Local Plan that supports the Council's vision • Defined standards of customer service backed by a complaints procedure 	<ul style="list-style-type: none"> • Open and transparent reporting of Key Performance Indicators and action plans for indicators that are out of tolerance • Decision making processes that receive objective and rigorous analysis including involvement of the Monitoring and Section 151 Officers • Anti-Fraud and Corruption Strategy 	<ul style="list-style-type: none"> • A People Resources Plan (to be updated) to ensure that the Council has the staff, the skills, the knowledge, the facilities and the resources to meet legal requirements, its Vision and Corporate Plan • The Council has an established induction and training programme for existing and new Councillors. This process includes mentoring and training events as and when identified 	<ul style="list-style-type: none"> • A corporate Risk Strategy and toolkit. • A performance management framework which includes integrated performance and financial management report. • Medium Term Financial Strategy and integrated service planning approach • Internal Audit function to provide assurance on governance, risk management and control. • Audit and Standards Committee 	<ul style="list-style-type: none"> • Accountability for decision making detailed within the Constitution • Reporting regularly on performance and use of resources. • Requirement for managers to produce annual assurance statements which feeds into the Annual Governance Statement • Processes to ensure internal and external audit recommendations are acted upon

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<p>Councillors and Officers work together</p> <ul style="list-style-type: none"> • Equality Policy revised and updated and an Equality Framework & Action Plan developed 						
<ul style="list-style-type: none"> • An active Corporate Governance Group which takes charge of the Annual Governance Statement. 						