



**St Albans**  
City & District Council

# **Statement of Accounts 2024/25**

## **UNAUDITED**

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## **Introduction and Presentation of the accounts**

As the Council's S151 Officer I am pleased to present the unaudited Statement of Accounts for St Albans City and District Council for 2024/25.

Linda Parker CIPFA  
Assistant Director – Finance  
Section 151 Officer  
5 August 2025

# **Narrative Report**

## **District Profile**

The District has a population of approximately 148,200 (2021 Census figure) and is located in South West Hertfordshire. Our District is comprised of much historic environment and Green Belt land (81%), with a thriving modern city, towns and villages (St Albans, Harpenden, Wheathampstead, Redbourn, London Colney, Colney Heath, Smallford, Park Street, How Wood, Bricket Wood, Chiswell Green and surrounding hamlets).

## **Our Priorities**

### **Context**

During the 2024/2025 period the Council continued to face critical financial pressures and a challenging economic climate.

Global, national, and regional challenges included pressures for councils from the rise in the cost of energy; the impact of high inflation; rising costs in supply chains; high interest rates; the drop in the commercial rented sector; the costs of temporary housing and spending constraints from central government. The Council continued to make tough choices about its spending and how it operates.

Many local people and businesses were hit hard by the pandemic and were dealt a further blow with the increase in the cost of living. They continued to need additional support in greater numbers than before. Our teams worked hard to ensure local people were supported, for example through our work with those facing homelessness and debt. Keeping people safe was also a focus through our community resilience and CCTV operations and our regulatory framework.

Over the preceding two years the Council had reshaped many of our services to make them fit for the digital age and this work continued during 2024/25. The Council also continued its programme to redesign, streamline and modernise operations to be more efficient and cost effective.

### **Priorities**

Alongside core services, support programmes and transformation improvements, the Council's areas of priority in 2024/25 were to

- Combat the climate emergency,

- Deliver more social housing,
- Support our local economy,
- Enhance the District's cultural offer, and
- Promote equality, inclusion, and fairness.

## **Combat the Climate Emergency**

The Council continued to implement its [Sustainability and Climate Crisis Strategy](#) which sets out actions to be taken locally to achieve our net zero carbon emission targets.

It also continued to develop its Local Plan, the framework for future development over the next two decades, which has climate change and sustainability as a key focus. During the year, the Regulation 19 consultation was undertaken, following which the Plan was submitted to the Planning Inspectorate for consideration.

Work continued to manage Council land to promote climate resilience, support biodiversity, and create new habitats. Further work to reduce carbon emissions from vehicles was undertaken through continuing implementation of our parking strategy. The Council's buildings' emissions reduction work also continued, an example in 2024/25 being the installation of solar panels on Harpenden leisure centre.

St Albans District continued to be one of the best performing local authority areas for recycling in England during the period.

## **Deliver More Social Housing**

Continuing work to ensure that local authority homes locally are warm, dry and energy efficient was undertaken through further phases of the Energy Strategy for Council housing stock, using Government finance from the Social Housing Decarbonisation Fund and the Housing Revenue Account.

The deficit of social housing locally continued to be a major issue; much more is needed to meet the growing housing need. Our new Council-owned development at Jubilee Square reached completion during the period and 93 new homes for social rent and shared ownership were made available including to people on the St Albans Council housing register.

## **Support Our Local Economy**

The high cost of housing, staff and skills shortages, and high energy costs were some of the challenges facing local business in this period. While these things require Government action at a national level, the Council continued to play its part locally to make the district an inviting place to live, work and visit.

Our services provide first class leisure, recreation, and entertainment opportunities, backed by a clean and welcoming environment, also helping to deliver, via resident and visitor footfall, customers to our many thriving service industries.

We held our annual District Business Summit to bring local business owners and managers together to discuss the local commercial environment and hear back from our community on the matters that concern them.

St Albans Charter Market continued to recover during the period after the ravages of the pandemic, bringing in footfall to the main shopping areas, giving traders a strong base from which to trade, and boosting the vibrancy of the City Centre. The Market was recognised in the Great British Markets Awards 2024 as the Best Large Outdoor Market in Britain.

## **Enhance the District's Cultural Offer**

The Council continued to support the District's cultural and community infrastructure, bedding in the new The Eric Morecambe Centre in Harpenden, and Sopwell Community and Cycling Centre in St Albans. The first phase of work to preserve and enhance the Victorian Cricket Pavilion in Clarence Park was completed during the period.

The Council also continued delivery of its Arts Council England National Portfolio Organisation Activity Plan.

## **Promote Equality, Inclusion and Fairness**

The Council plays a key role in community leadership and place-shaping, and equality, diversity and inclusion is central to this. During the period an updated [Equality, Diversity and Inclusion strategy](#) was developed setting out how we make sure these are central to our approach in delivering services and conducting our day-to-day business.

## The Council's Financial Performance in 2024/25

### General Fund results compared to budget

The General Fund records all income and expenditure relating to the provision of services except amounts that go through the supplementary statements. Supplementary statements include the Housing Revenue Account and the Collection Fund Income and Expenditure Account. The following table shows a comparison between the Council's agreed budget and our actual income and expenditure.

<u>General Fund</u>	Notes	Budget £'000	Actual £'000	Variance £'000
Chief Executive and Policy	(i)	1,815	1,565	(250)
Finance, IT, Legal, Customer Services and HR	(ii)	1,716	1,981	265
Democratic & Election Services	(iii)	1,534	1,398	(136)
Built Environment	(iv)	(1,222)	489	1,711
Regulatory Services and Parking	(v)	(1,332)	(1,432)	(100)
Public Realm	(vi)	6,234	6,294	60
Leisure & Museums	(vii)	606	265	(341)
Planning	(viii)	2,807	3,352	545
General Fund Housing	(ix)	932	1,137	205
Central Contingency	(x)	694	-	(694)
MRP and Interest	(xi)	4,037	2,937	(1,099)
<b>Total General Fund</b>		<b>17,820</b>	<b>17,986</b>	<b>166</b>
<u>Funded by</u>				
Council Tax		(12,929)	(12,928)	1
Retained Business Rates	(xii)	(2,869)	(3,255)	(386)
Collection Fund Surplus		-	(35)	(35)
New Homes Bonus and Other Grants		(2,172)	(2,180)	(8)
<b>Total Income</b>		<b>(17,970)</b>	<b>(18,399)</b>	<b>(429)</b>
<b>Contribution from General Balances and (Surplus)/Deficit for the Year</b>		<b>(150)</b>	<b>(412)</b>	<b>(262)</b>

The significant variances were as follows:

- (i) Savings versus budget from staff vacancies and underspends on non staff spend across a number of departments
- (ii) Overspend versus budget on external audit fees, card processing fees, housing allowances (increase in areas of expenditure which are not fully funded, such as supported accommodation and housing association accommodation used as temporary accommodation), system licences and database costs
- (iii) Savings versus budget from staff vacancies and small underspend on councillor allowances and Mayoralty expenditure



- (iv) Commercial rental income adverse to budget largely due to delays in capital scheme completions and write off of costs associated with abortive capital schemes
- (v) Income in line with budget with savings from vacant staff posts and underspends on non staff budgets
- (vi) Income adverse to Budget due to lower recycling material prices and volumes, adverse Cemetery income and an overspend on tree maintenance costs offset by savings in waste and recycling expenditure
- (vii) Income from Leisure management fee above budget due to lower utility costs in the leisure centres and lower museum utility costs versus budget
- (viii) Planning Fee income below budget and overspend versus budget on planning appeal expenditure and planning appeal costs
- (ix) Overspend versus budget due to increased homelessness
- (x) Non staff contingency budget and pay award lower than budget
- (xi) A combination of lower borrowing costs due to capitalisation of borrowing costs on some assets under construction and higher interest receivable following increases in bank rates
- (xii) Retained Business Rates higher than budget.

## Housing Revenue Account results compared to budget

	Notes	Budget £'000	Actual £'000	Variance £'000
Income	(i)	(35,235)	(36,367)	(1,132)
Staff Cost	(ii)	3,784	3,054	(730)
Other Expenditure	(iii)	24,215	23,711	(504)
Net Interest Paid	(iv)	5,310	4,421	(889)
Contribution from MRR to Fund Debt Repayment		-	-	-
<b>(Surplus) / Deficit for the Year</b>		<b>(1,926)</b>	<b>(5,181)</b>	<b>(3,255)</b>

The significant variances were as follows:

- (i) Income: increased due to a 53-week rent year, additional income from licence fees and service charges, and higher interest earned on HRA cash balances
- (ii) Staff costs: in year vacancies and utilisation of grant funding for staff costs on capital projects
- (iii) Other Expenditure: lower utility costs, underspends on non staff budgets and a reduction in the bad debt provision
- (iv) Net Interest Paid: due to lower borrowing in the period.

## Capital

### In year Capital Expenditure

Capital expenditure relates to the acquisition of non-current assets or expenditure that adds to (and not merely maintains) the value of an existing asset. The following table shows the capital outturn results for 2024/25 compared to budget and approved capital spend for the following two years.

<b>SERVICE</b>	<b>Budget £'000</b>	<b>Actual £'000</b>	<b>Variance £'000</b>
Housing Investment Programme (HRA)	16,769	12,822	(3,946)
Housing Investment Programme (Affordable Housing)	14,048	7,049	(6,999)
Customer, Business & Corporate	3,225	3,149	(77)
Community & Place Delivery	8,056	7,703	(353)
Strategy, Policy & Transformation	80	123	43
<b>Total</b>	<b>42,178</b>	<b>30,847</b>	<b>(11,331)</b>
<b>This Capital Programme was financed as follows:</b>			
Capital receipts (General Fund)	30,814	29,749	(1,066)
Major repairs reserve	8,776	7,867	(909)
Government grants and third party contributions	5,942	5,772	(170)
Revenue contribution to capital expenditure	624	269	(355)
Prudential borrowing	(10,180)	(19,368)	(9,188)
Capital receipts (Housing)	6,202	6,559	357
<b>Total</b>	<b>42,178</b>	<b>30,847</b>	<b>(11,331)</b>
<b>APPROVED CAPITAL EXPENDITURE FOR THE FOLLOWING YEARS IS:</b>			
	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>	
General Fund	11,358	2,044	
Housing investment programme	37,196	20,759	
<b>Total Capital Expenditure</b>	<b>48,554</b>	<b>22,803</b>	
<b>Financed by:</b>			
Borrowing requirements	21,301	6,753	
Major repairs reserve	9,036	9,346	
Revenue contribution to capital expenditure	-	-	
Grants and contributions	12,821	4,658	
Capital reserves / receipts	5,396	2,046	
<b>Total</b>	<b>48,554</b>	<b>22,803</b>	

The main General Fund capital projects in 2024/25 were:

- £6.0m on the Purchase of Waste & Recycling Vehicles
- £2.5m on the Jubilee Square site
- £0.8m UKSPF Funded projects

The General Fund capital project was underspent by £0.4m, the main reasons being:

- £0.55m Additional spend funded by UKSPF
- £0.18m relates to lower spend at Clarence Park Pavilion
- £0.41m relates to River Ver improvement project due to delays in agreeing the final design
- £0.42m relates to procurement delays in relation to Car Park Lift and Multistorey Equipment Replacement

The main Housing capital projects in 2024/25 were:

- £6.5m Social Housing Decarbonisation scheme
- £6.4m Decent Homes work
- £3.6m The King Offa Development
- £1.4m The Hedges Development
- £1.3m Telford Court Decommissioning
- £0.7m on New Social Rented properties

The Housing capital project was underspent by £10.9m, the main reasons being:

- £2.0m delays with the wave 2.1 Project for Social Housing Decarbonisation Scheme
- £1.4m Fire Safety Works
- £2.6m Telford Court decommissioning slower than anticipated
- £2.5m Other new social rented schemes

### **In-year project milestones**

During the financial year, two significant capital projects (Jubilee Square and Telford Court) reached milestones which triggered a reassessment of their carrying values, in accordance with Local Authority accounting requirements.

#### **Jubilee Square**

- The residential units were sold to Watford Community Housing Trust. St Albans Council retained nomination rights to 33 units at Social Rent levels and continues to hold the land freehold at a nominal value.

- While the project came in on budget, the valuation after the sale resulted in a £14.2 million loss on disposal, recognised under *Other Operating Expenditure*.
- The commercial units underwent external valuation, leading to an impairment loss of £9.6 million, recognised within *Cost of Services – Customer, Business and Corporate*.
- Both asset types are expected to generate future income in the form of commercial rent, council tax, and non-domestic rates.

### **Telford Court**

- The Council resolved to dispose the site for redevelopment as 100% social housing. The future purchaser will undertake demolition and reconstruction.
- Due to the lower anticipated income and high redevelopment costs, the asset was reclassified with a nominal value, reflecting a £13.3 million reduction in carrying value.
- £5.0 million was accounted for as a reduction in the Revaluation Reserve
- £8.3 million recorded as an impairment charge, allocated to *Cost of Services – Housing Revenue Account*

### **Reporting Requirements**

These accounting entries were processed in line with statutory requirements ensuring that the financial impact is reflected in the Comprehensive Income & Expenditure Statement. However, the accounting entries are transferred under statutory requirements from the General Fund and HRA balances to unusable reserves in the “Movement in Reserves statement” meaning that they do not impact on the Council’s useable reserves.

### **Collection Fund**

The Council collects Council Tax for itself and on behalf of a number of other public bodies.

These are Hertfordshire County Council, the Police and Crime Commissioner for Hertfordshire and Town and Parish Councils. It also collects Business Rates for itself and on behalf of Hertfordshire County Council and Central Government.

The Collection Fund records the income from Council Tax and Business Rates and its distribution.

The Collection Fund had a surplus for the year of £5.4m (2023/24: £2.9m deficit) reducing the cumulative deficit to £0.1m. Under the Business Rates Retention

Scheme introduced in 2013/14, amounts are paid to precepting bodies on estimates at the beginning of the year. Any over or under payments are accounted for in subsequent year's estimates.

	Business Rates £'000	Council Tax £'000	Total £'000
Collection Fund Balance as at 31/03/25 of which:	4,163	(4,049)	114
St Albans District Council (surplus)/deficit share	1,665	(482)	1,183

The Council recorded a surplus of £3.5m from the Collection Fund in respect of business rates. This was offset by a release from the Business Rates Equalisation Reserve from balances transferred to that reserve specifically for this purpose.

Another key element of the Collection Fund is the estimation of the Business Rates Appeals' provision. This is explained in the Notes to the Collection Fund section.

## Pensions

The Pensions liability in the Balance Sheet reflects the underlying commitments that the Council has, in the long term, to pay retirement benefits.

Overall, the pension fund deficit has increased by £3.5m during the year to £21.2m (2023/24: increased by £3.4m to £17.7m). This is because of the impact of actuarial assumptions. The pension liability has a significant effect on the net worth of the Council. However statutory arrangements for funding the deficit mean the financial position of the Council is not affected. Detailed information on the performance of the Pension Fund is set out in the Core Financial Statements.

A Triennial pension valuation is currently underway (using March 2025 data), we expect to receive the report later this year. It is likely that the Council's pension contributions will need to be adjusted to reflect movements from the last such valuation as at March 2022.

## Risks

The Annual Governance Statement provides details about how the Council manages risk. The Council, when it sets the budget, reviews the major risks and the level of reserves that could be used to meet any costs.

## **The Council's Financial Outlook**

The Council's budget for 2025/26 and Medium-Term Financial Plan (MTFP) were approved by Full Council in February 2025.

### **National Context**

The Government has confirmed the intention to issue a three-year financial settlement from 2026/27. This will provide the certainty that councils need to make medium- and long-term decisions about service delivery.

However, the commitment to reform and redistribute local government funding and the planned Business rates reset, combined with the proposals for Local Government Reorganisation means that, in the immediate period, there is even greater uncertainty than in previous years.

Demand for some services has continued to grow. Most noticeably for district councils it is the pressure caused by homelessness and the statutory obligation to provide temporary accommodation which is in short supply and is expensive.

### **Local Situation**

St Albans City and District Council has a track record of sound financial management setting balanced budgets for many years, delivering savings, and making changes to the way it operates that are sustainable and maximise technology. This needs to continue for the foreseeable future. There is a robust approach to budget setting which is continuous throughout the financial year.

The approach to financial management has been refined over the last three years. As inflation and other economic pressures have emerged, a record of risks to the financial forecasts and opportunities for improvements to the budget position has been kept.

In common with other councils with statutory homelessness responsibility, it is almost impossible to predict and manage the demand for this service which makes the expenditure equally unpredictable. Another significant expenditure risk which is hard to predict is that of Planning Appeals for which a reserve has been set aside.

The Council's General Fund General Reserve is £2.8m at the end of 2024/25 which is just above the minimum level of £2.5m. The Council approved budget for 2025/26 includes a contribution of £0.5m to strengthen our reserves. Low reserves reduce the Council's ability to withstand an unplanned or unexpected event which would give rise to significant financial pressures.

We will keep our MTFP under review and make changes accordingly to reflect the rapidly changing local government environment.

The Government has recently reaffirmed its ambition to create unitary councils in all two-tier areas by 1 April 2028.

All 11 Hertfordshire councils are collaborating on a single proposal for submission to Government in November 2025 and have recently launched engagement on local government reorganisation.

## Introduction to the Statement of Accounts

The Accounts and Audit Regulations (England) 2015 require the Council to produce a 'Statement of Accounts' each financial year. The Council's accounts have been prepared on an International Financial Reporting Standards basis and may, by necessity, contain technical terminology.

## Core Financial Statements

- **Comprehensive Income and Expenditure Statement (CI&ES)** – a summary of the resources generated and consumed by the Council in the year in accordance with generally accepted accounting practices. The format reflects the way we budget and report to management, which is in accordance with revisions to the code of accounting practice.
- **Balance Sheet (BS)** – shows the Council's balances, reserves and long-term indebtedness at the financial year end, and the non-current and net current assets employed in its operations.
- **Cash Flow Statement (CFS)** – shows the changes in cash and cash equivalents arising from transactions with third parties for revenue and capital purposes.
- **Movement in Reserves Statement (MiRS)** – this statement shows the movement in the year on 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 (unusable) reserves.
- **Expenditure and Funding Analysis (EFA)** – shows how annual expenditure is used and funded from core resources (government grants, council tax, rents and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practice. It also shows how the expenditure is allocated for decision making purposes between the Council's services. Income and expenditure is accounted for under generally accepted accounting practices and is presented more fully in the Comprehensive Income and Expenditure Statement.

## Supplementary Statements

- **The Housing Revenue Account (HRA) Income and Expenditure (I&E) Account** – reflects a statutory obligation to maintain a revenue account for the local authority housing service in accordance with Part 6 of the Local Government and Housing Act 1989. The first part of the statement shows expenditure on Council housing and how this is met by rents, interest and other income.
- **Collection Fund Income and Expenditure Account** – reflects the statutory requirement for the Council as a billing authority to maintain a separate Collection Fund, which shows the transactions of the billing authority in



relation to Non-Domestic Rates and Council Tax, and illustrates the way in which these have been distributed to the major precepting bodies, namely the Department for Communities and Local Government, Hertfordshire County Council and the Police and Crime Commissioner for Hertfordshire.

## **Other Statements**

- **Statement of Responsibilities for the Statement of Accounts** – this outlines the responsibilities of the Council and the Strategic Director - Customer, Business and Corporate Support with respect to the Statement of Accounts.
- **The Auditor's Report** – this is the independent Auditor's report to members of the Council including the Conclusion on Arrangements for Securing Economy, Efficiency and Effectiveness in the use of resources. Recent Government announcements have been clear that dealing with the backlog of external audits at virtually all councils is a priority, and a process of issuing "disclaimed" opinions is now in place. Once received this will be published as a separate document and a revised set of accounts will be issued.
- **The Annual Governance Statement** – this gives a public assurance that the Council has proper arrangements in place to manage its affairs. It summarises the Council's responsibilities in the conduct of its business, the purpose and key elements of the system of internal control and the processes applied in maintaining, reviewing and developing the effectiveness of those controls.

## **Accounting Policies**

There have been no material changes to Accounting Policies in the year. The Council has adopted IFRS 16 for Lease Accounting, but this is not considered material in view of the low values involved.

## **About this Statement of Accounts**

The Statement of Accounts provides information about how the Council has used its financial resources during the year and its financial position at year end. These accounts have been prepared in accordance with two financial codes.

- The first is the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (The Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code constitutes a "proper accounting practice" under the terms of Section 21(2) of the Local Government Act 2003.
- The second is the Service Reporting Code of Practice for Local Authorities 2024/25, supported by International Financial Reporting Standards. In England and Wales, The Code constitutes a "proper accounting practice" under the terms of Section 21(2) of the Local Government Act 2003.

## **Further information**

The Council welcomes the views of local residents, businesses, user groups, and other stakeholders about our performance.

If you would like to receive further information about these accounts, please contact us at [contactus@stalbans.gov.uk](mailto:contactus@stalbans.gov.uk), telephone 01727 866100.

## **Statement of Responsibilities**

The Authority 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 authority, that officer is the Assistant Director – Finance.
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Jonathan Flowers

Independent Chair of Audit & Governance Committee

[Date ~ final edition]

The Assistant Director – Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom referred to as 'The Code'.

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

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the local authority Code.
- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

## **Certification of the Accounts**

I confirm that these unaudited Statement of Accounts presents a true and fair view of the financial position of the Council at 31 March 2025 and of its expenditure and income for the year then ended.

Linda Parker CIPFA

Assistant Director – Finance

Section 151 Officer

5 August 2025

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

2023/2024				2024/2025		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
			Directorates			
26,673	(23,142)	3,531	Customer, Business and Corporate	37,266	(24,085)	13,181
36,156	(17,700)	18,456	Community and Place Delivery	33,754	(20,477)	13,277
8,713	(1,752)	6,961	Strategy Policy and Transformation	2,116	(639)	1,477
30,964	(33,000)	(2,036)	Housing Revenue Account (i)	35,011	(36,232)	(1,221)
102,507	(75,594)	26,912	Cost of Services	108,147	(81,433)	26,714
		(313)	Other operating expenditure			18,239
		4,670	Financing and investment income and expenditure			4,886
		(28,668)	Taxation and non-specific grant income			(28,437)
		2,601	(Surplus)/deficit on Provision of Services			21,402
		(61,159)	(Surplus)/Deficit on revaluation of PPE			(23,595)
		3,809	Actuarial (gains)/losses on pension assets/liabilities			4,188
		(57,350)	Other Comprehensive (Income) and Expenditure			(19,407)
		(54,749)	Total Comprehensive (Income) and Expenditure			1,995

- i. The Housing Revenue Account is a ring-fenced account for Council tenants, which has a separate section in the Financial Statements.

## Balance Sheet at 31 March 2025

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council.

31 March 2024 £'000		Note	31 March 2025 £'000
943,974	Property Plant and Equipment	11	928,884
7,012	Heritage Assets	12	6,936
6,521	Investment Properties	13	5,718
-	Right-of-use Assets	35	180
106	Intangible Assets		190
111	Long term debtors	14	105
<b>957,724</b>	<b>Long Term Assets</b>		<b>942,013</b>
10,733	Assets Held for Sale	16	1,294
1,907	Short Term Investments	14	5,002
93	Inventories		105
8,749	Short Term Debtors	15	8,564
7,604	Cash and Cash Equivalents	17	12,026
<b>29,086</b>	<b>Current Assets</b>		<b>26,991</b>
(60,225)	Short Term Borrowing	14	(31,030)
(19,780)	Short Term Creditors	18	(28,469)
(221)	Short term provisions	19.2	(583)
<b>(80,226)</b>	<b>Current Liabilities</b>		<b>(60,082)</b>
(17,704)	Pension Liability	27	(21,199)
(172,842)	Long term borrowing	14	(171,812)
(1,353)	Other Long term Liabilities and Provisions	19	(1,185)
(4,175)	Capital Grants Receipts in Advance	26	(6,212)
<b>(196,074)</b>	<b>Long Term Liabilities</b>		<b>(200,408)</b>
<b>710,510</b>	<b>Net Assets</b>		<b>708,514</b>
(30,453)	Usable Reserves		(38,401)
(680,057)	Unusable reserves	20	(670,113)
<b>(710,510)</b>	<b>Total reserves</b>		<b>(708,514)</b>

The net assets of the Council are matched by the reserves held by the Council.

1. 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 that may only be used to fund capital expenditure or repay debt).
2. Unusable reserves – those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to 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”.

Signed

Linda Parker CIPFA  
Assistant Director – Finance  
Section 151 Officer  
5 August 2025

## Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period.

2023/24 £'000		Notes	2024/25 £'000
(2,601)	<b>Net surplus or (deficit) on the provision of services</b>		(21,402)
18,376	Adjustment to net surplus or deficit on the provision of services for non-cash movements	28	91,086
(12,041)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	29	(39,348)
<b>3,734</b>	<b>Net cash flows from Operating Activities</b>		<b>30,336</b>
(9,820)	Investing Activities	30	6,731
1,308	Financing Activities	31	(32,645)
<b>(4,778)</b>	<b>Net increase or decrease in cash and cash equivalents</b>		<b>4,422</b>
12,382	Cash and cash equivalents at the beginning of the reporting period		7,604
<b>7,604</b>	<b>Cash and cash equivalents at the end of the reporting period</b>		<b>12,026</b>

## Movements 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 'unusable reserves'. The statement 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 and rents for the year. The 'Net increase/ decrease' line shows the statutory General Fund Balance and Housing Revenue Account Balance following those adjustments and after any discretionary transfers to or from earmarked reserves undertaken by the Council.

2024/2025	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserves	Major Repairs Reserve	Capital grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1st April 2024	(2,392)	(5,944)	(4,248)	(8,387)	(8,083)	(1,217)	(181)	(30,452)	(680,058)	(710,510)
<b>Movements in year</b>										
Total Comprehensive Income & Expenditure	24,540		(3,138)					21,402	(19,407)	1,995
Adjustments between accounting basis & funding basis under regulations (note 6)	(23,095)		(8,128)		2,788	(918)	3	(29,350)	29,352	2
Earmarked Reserves transfers	(1,857)	1,856	6,085	(6,085)				(1)		(1)
<b>Net (Increase)/Decrease</b>	<b>(412)</b>	<b>1,856</b>	<b>(5,181)</b>	<b>(6,085)</b>	<b>2,788</b>	<b>(918)</b>	<b>3</b>	<b>(7,949)</b>	<b>9,945</b>	<b>1,996</b>
Balance as at 31 March 2025	(2,804)	(4,088)	(9,429)	(14,472)	(5,295)	(2,135)	(178)	(38,401)	(670,113)	(708,514)



2023/2024	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserves	Major Repairs Reserve	Capital grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance as at 1st April 2023</b>	(3,517)	(4,874)	(3,537)	(5,502)	(9,527)	(6,022)	(589)	(33,567)	(622,192)	(655,759)
<b>Movements in year</b>										
Total Comprehensive Income and Expenditure	3,308	-	(709)	-	-	-	-	2,599	(57,349)	(54,750)
Adjustments between accounting basis & funding basis under regulations (note 6)	(3,253)	-	(2,887)	-	1,444	4,805	408	517	(517)	-
Earmarked Reserves transfers	1,070	(1,070)	2,885	(2,885)	-	-	-	-	-	-
<b>Net (Increase)/Decrease</b>	<b>1,125</b>	<b>(1,070)</b>	<b>(711)</b>	<b>(2,885)</b>	<b>1,444</b>	<b>4,805</b>	<b>408</b>	<b>3,115</b>	<b>(57,866)</b>	<b>(54,751)</b>
<b>Balance as at 31 March 2024</b>	<b>(2,392)</b>	<b>(5,944)</b>	<b>(4,248)</b>	<b>(8,387)</b>	<b>(8,083)</b>	<b>(1,217)</b>	<b>(181)</b>	<b>(30,452)</b>	<b>(680,058)</b>	<b>(710,510)</b>

Unusable reserves are not available to fund future expenditure and include, for example, unrealised gains following the revaluation of the Council's property assets.

# **Notes to the Accounts**

## **1. Accounting Policies**

### **1.1 General Policies**

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end 31 March 2025. It is prepared under the going concern basis of accounting. The Council is required to prepare an Annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### **1.2 Accruals of Income and Expenditure**

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

- Interest is receivable on investments and payable on borrowings and is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

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

### **1.3 Principal and Agent accounting policy**

For the majority of transactions, the Council undertakes it is acting entirely on its own behalf and completely owns any risks and rewards of the transactions. This is known as the Council acting as a 'Principal'.

However, there are some situations where the Council is acting as an Agent, that is the Council is acting as an intermediary for all or part of a transaction or service. The two main instances where this occurs are in relation to Council Tax and Business Rates where the Council is collecting Council Tax and Business Rates income on behalf of itself and its precepting bodies (Hertfordshire County Council, the Police and Crime Commissioner for Hertfordshire and Parish/Town Councils in relation to Council Tax and the Ministry of Housing Communities & Local Government, Hertfordshire County Council in relation to Business Rates).

Thus, at year end, any balance sheet balances in relation to these Agent relationships are split between the Council and its precepting bodies and, therefore, the balances contained in the Balance Sheet for a particular debt are the Council's own proportion of the debt and associated balances. The proportions of transactions that relate to the other parties to the relationship are shown separately as amounts due from/to the precepting bodies.

#### **1.4 Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three calendar months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding Non-Current Assets during the year.

- Depreciation attributable to the assets used by relevant service.
- Revaluation and impairment losses on assets used by services where there are no accumulated gains in the revaluation reserve against which losses can be written off.
- Amortisation of intangible non-Current Assets attributable to the service

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction of its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the Minimum Revenue Provision in the General Fund or HRA Balances by way of an adjusting transaction with the Capital Adjustment in the Movement in Reserves Statement for the difference between the two. The only exception to this is non-dwelling assets held by the HRA, where the revaluation and impairment losses are not reversed to the Capital Adjustment Account.

#### **1.6 Employee Benefits**

##### **1.6a Benefits Payable During Employment**

Short-term employee benefits are those expecting to be settled within 12 months of the year-end. They include wages, salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current

employees, and are recognised as an expense for services in the year in which the employee renders the service to the Council.

Short term employee benefits earned by the employees but not taken before the year-end, which can be carried forward into the next year is mainly untaken leave. The Council has a policy of not carrying forward leave except for exceptional circumstances and therefore the value of untaken leave at year-end is not material to the accounts and no accrual is made.

### **1.6b Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the Non-Distributed Costs line in the Comprehensive Income and Expenditure when the Council can no longer withdraw the offer of those benefits or when the Council recognises the costs of a restructuring.

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

### **1.6c Post-Employment Benefits**

Employees of the Council are members of the Local Government Pension Scheme administered by Hertfordshire County Council. The scheme provides defined benefits to members (retirement lump sum and pensions), earned as employees worked for the Council.

#### ***The Local Government Pension Scheme***

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

- The liabilities of the pension scheme 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 the retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and the projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices using a discount rate.
- The assets of the Hertfordshire pension fund attributable to the Council are included in the Balance Sheet as their fair value:
  - Quoted securities – current bid price
  - Unquoted securities – professional estimate
  - Unitised securities – current bid price
  - Property – market value

The change in the net pension's liability is analysed into the following components:

- Service Cost comprising:
  - Current service costs – increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employee worked.
  - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
  - Net interest on the net defined benefit liability, i.e. net interest expense for the authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
  - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
  - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
  - Changes in the degree to which required past service contributions give rise to an additional liability. This reflects the commitment to the pension

fund to make a minimum funding payment in each of the next 18 years, which is consequent to the Triennial valuation in March 2022's analysis, which identified the need for this commitment for years to March 2042

- Contributions paid to the Hertfordshire pension fund – cash paid as employer's contributions to the Local Government Pension Scheme.

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 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 Reserves to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund 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 able to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### ***Discretionary Benefits***

The Council also 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 as are applied to the Local Government Pension Scheme.

## **1.7 Events after the Balance Sheet date**

Events after the Balance Sheet date are those events, either favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue. The two types can be identified:

- **Adjusting events** – those that provide evidence of conditions that existed at the Balance Sheet date and materially affect the amounts included. The Statement of Accounts is adjusted to reflect such events.
- **Non-adjusting events** – those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

## **1.8 Financial Instruments**

### **1.8a Financial Liabilities**

Financial Liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure Line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. The effective rate of interest is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For all of the Council's borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and the interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

### **1.8b Financial Assets**

In line with IFRS 9, all debtor categories have been classified as being measured at amortised cost, as they are held on a "hold to collect" basis and would not be sold on an open market so have no market value. This also applies to Cash which is the Council's only other type of financial asset.

Assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at their fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Impairment loss is recognised for all financial assets where the Expected Credit Loss model can be applied in accordance with IFRS 9. This means only financial assets where the counterparty is Central Government or a local authority (this includes council tax and NNDR) will be exempt.

There are several ways to calculate the Expected Credit Loss Allowance. The simplified approach has been used as there is no significant financing elements in any of the Debtors' figures. This means the credit losses have been calculated over the lifetime of the debt rather than 12 months.

## **1.9 Government Grants and Contributions**

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

- The Council will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Conditions are stipulations which specify that the future economic benefits or service potential embodied in the asset acquired using the grant or combination are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

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

## **1.10 Heritage Assets**

A tangible Heritage Asset is a physical asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

The Council's Heritage Assets can be categorised as follows:

- Land and buildings
- Artefacts
- Sculptures, and war memorials
- Civic regalia and chains of office



- Ancient walls and ruins

There are very few acquisitions or disposals. Acquisitions are initially recognised at cost, and donated assets at insurance valuation.

#### **1.10a Land and Buildings**

Heritage Property is often operational. Where this is the case, the asset remains in its operational category and is not separately identified as Heritage Property. These assets are included in the appropriate Property Plant and Equipment or Investing Property category.

Property Heritage Assets that are not operational are identified separately on the face of the Balance Sheet as 'Heritage Assets'. The assets are re-valued every five years on a depreciated replacement cost basis as no market exists for such assets.

These assets are deemed to have an indeterminate life and high residual values, and the Council does not consider it necessary to provide for depreciation.

#### **1.10b Artefacts**

Cost information for artefacts is not available and the Council is of the opinion that the cost of obtaining valuations for these assets, due to their unique nature, would be disproportionate to any benefit derived.

#### **1.10c Sculptures and War Memorials**

These assets are re-valued at insurance values (replacement cost). They are deemed to have an indeterminate life and high residual values and the Council does not consider it necessary to provide for depreciation.

#### **1.10d Civic Regalia and Chains of Office**

The chains of office and general civic regalia are valued on the basis of the insurance replacement cost. The values are reviewed every five years. These assets are deemed to have an indeterminate life and high residual values, and the Council does not consider it necessary to provide for depreciation.

There are very few acquisitions or disposals. Acquisitions are initially recognised at cost, and donated assets at insurance valuation.

#### **1.10e Ancient Walls and Ruins**

St Albans is rich with ancient remains, and these include Roman Walls, archaeological gardens and ruins. These have no intrinsic value.

The Council has made appropriate disclosures for these assets not recognised on the Balance Sheet.

### **1.11 Investment Property**

Investment Properties are those that are used solely to earn rentals and/or for capital appreciation such as shops and offices let to other organisations. Where an asset is used for an operational purpose, i.e. to facilitate the delivery of services or production of goods or is held for sale, it will be considered as Property Plant and Equipment. Also, if the asset is only partially used for operational purposes it will still be classified as Property Plant and Equipment and not an Investment Property.

Investment Properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued where it is considered there has been a material change in value. All Investment Properties are reviewed every year to establish which may have been subject to a material change and those identified as such are re-valued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to Investment Properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10k) the Capital Receipts Reserve.

### **1.12 Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are operational leases.

Where a lease covers both land and buildings, the land and building elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payments are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

### **1.12a The Council as Lessee**

A right of use of the asset and the corresponding lease liability are recognised at commencement of the lease.

In 2024/25, the Council commenced applying IFRS 16 Lease accounting as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e., without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability were brought into the balance sheet at 1 April 2024. Leases for items of low value and lease that expire on or before 31 March 2025 are exempt from the new arrangements.

The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the lessee's incremental borrowing rate specific to the term and start date of the lease. Lease payments include: fixed payments; variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement; the exercise price under a purchase option if the Council is reasonably certain to exercise; penalties for early termination if the lease term reflects the Council exercising a break option; and payments in an optional renewal period if the Council is reasonably certain to exercise an extension option or not exercise a break option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate such as inflation, or change in the Council's assessment of whether it is reasonably certain to exercise a purchase, extension or break option.

The right of use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received; initial direct costs; and any dilapidation or restoration costs. The right of use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The right of use asset is tested for impairment if there are any indicators of impairment.

Leases of low value assets (value when new less than £10,000) are expensed to the Comprehensive Income and Expenditure Statement, as are variable payments dependent on performance or usage, 'out of contract' payments and non-lease service components.

#### **1.12b The Council as Lessor**

##### ***Operating Leases***

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits 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 premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

#### **1.13 Overheads and Support Services**

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

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

Assets that have physical substance and are held for use in production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. The Council does not capitalise small value items (under £10k) unless the items can be grouped together to create an asset group over £10k, for example computer equipment. Items not capitalised are charged as an expense when incurred.

##### **1.14a Recognition**

Expenditure 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 them will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to the potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

### 1.14b Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure and Assets Under Construction – historical cost (for infrastructure this is depreciated). New acquisitions and completed Assets Under Construction are held at historic cost in the year and selected for mandatory valuation in the subsequent financial year.
- Dwellings – current value determined using the basis of existing use value for social housing (EUV-SH).
- Vehicles, plant and equipment – historical cost is used as a proxy for current value in existing use on the grounds of materiality.
- Information regarding the historic cost of Community Assets is limited and of immaterial value. Given their nature, the Council does not consider that a commercial value should be placed upon Community Assets. Any cost to do so would not be commensurate to the benefit to users of the accounts. The Council's policy is therefore to hold all Community Assets at £nil value and not to disclose on the balance sheet,
- All other assets – current value determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying value is not materially different from their value at the year-end, but as a minimum every five years. This may be done on a rolling basis (for example 20% per annum) so that all assets are revalued over a five year period. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains are credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

Where decreases in value are identified, they are accounted for by either:

- 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); or
- 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 Comprehensive Income and Expenditure Statement.

Where Component Assets such as kitchens and boilers are installed in the Council's single dwelling council houses these are treated in the same manner as for decreases in value. This is to recognise that such assets are being replaced around the end of their useful lives. Due to this, a dedicated approach to depreciation is used, as described below. This results in the cost of the component about to be replaced being effectively fully depreciated at the time of replacement. Thus, the addition is considered to be value maintaining, rather than value adding, despite accounting rules identifying it as an addition. For many years, the council has therefore taken a cost charge to the HRA Income and Expenditure statement (I&ES) to recognise this. From 2020/21 we offset this cost against any available revaluation reserve for the property, and then charge the HRA I&ES net Cost of Services when no revaluation reserve is available for that property.

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.

#### **1.14c Impairment**

An impairment occurs when the value of an asset is reduced by other than normal market value changes. These include physical damage, obsolescence and deterioration in the expected level of performance. Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by either:

- 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 the balance (up to the amount of the accumulated gains); or
- 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 Comprehensive Income and Expenditure Statement.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure

Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

#### **1.14d Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts 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 that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Council dwellings are depreciated on the basis of their components, where appropriate as follows:
  - Land: no depreciation
  - Structure: 100 years
  - Roof: 70 years
  - Windows: 30 years
  - Internal components: 15 to 40 years
- Other buildings: 30 to 60 years
- Vehicles, plant and equipment: 3 to 35 years
- Infrastructure: 5 to 20 years.

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

Depreciation is not charged in the year of acquisition.

HRA dwellings are classified into type and size of building. The components were reviewed and updated during 2020/21; they remained unchanged for 2024/25.

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.

#### **1.14e Disposals and Non-Current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. Assets that are to be abandoned or scrapped are not reclassified as Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent

decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

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

Amounts received for a disposal in excess of £10k are categorised as capital receipts. A proportion of receipts relating to housing disposals are payable to the Government. The balance of receipts is credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

### **1.15 Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits and a reliable estimate can be made of the amount of the obligation but where the timing of the transfer is uncertain. For instance, the



Council may be involved in a court case that could eventually result in the making of a settlement or payment of compensation.

Provisions are charged to the appropriate service revenue account in the year that the Council becomes aware of the obligation, based on the estimation of likely settlement as at the Balance Sheet date. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year; where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service account.

Provisions for bad or doubtful debts are included within debtors on the Balance Sheet and not in the provisions figure. Known uncollectable debts have been written off.

### **1.16 Contingent Liabilities**

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in Note 36.

### **1.17 Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Earmarked Reserves are created by appropriating amounts out of the General Fund and HRA Balances in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year in the Comprehensive Income and Expenditure Statement. The Earmarked 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 expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets financial instruments and retirement benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

### **1.18 Revenue Expenditure Funded from Capital under Statute**

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

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

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

### **1.20 Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset are capitalised and form part of the cost of that non-current asset. Qualifying assets are defined as schemes which will take at least 18 months to be completed, and the scheme costs are at least £0.1m.

Where the Council borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Council applies a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs that are outstanding during the period. The amount of borrowing costs capitalised will not exceed the amount of borrowing costs incurred during the period. The commencement of capitalisation begins when all the following are met:

- Expenditure in respect of the asset is incurred;
- Finance costs in respect of the asset are incurred; and
- Activities that are necessary to develop an asset are in progress.

Capitalisation ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. Capitalisation is suspended during periods in which active development is interrupted.

### **1.21 Council Tax and Non-domestic Rates**

The Council act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. The Council is

required by statute to maintain a separate fund (ie the collection fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the collection fund, the Council, major preceptors and central government (for NDR) share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

### **1.21a Accounting for council tax and NDR**

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, 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 included as a reconciling item in the Movement in Reserves Statement.

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

## **1.22 Critical Judgements in Applying Accounting Policies**

### **1.22a Provision for Business Rate Appeals**

Under the Business Rates Retention Scheme the Council is liable for its share of any business rates that are not collected. All business premises can appeal their valuation, set by the Valuation Office, which is used for setting the level of rates payable. Until the appeal is heard and decided a provision is estimated to cover the possibility of successful appeals. Changes to the provision are charged to the Collection Fund.

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

Paragraph 3.3.2.13 of the Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires an authority to disclose information relating to the impact of an accounting change that will be required

by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

Accounting standards issued but not yet adopted are disclosed below. If applicable, these will be introduced in the 2025/26 accounts.

The standards introduced by the 2025/26 Code where disclosures are required in the 2024/25 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- a) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020 regarding an entity's right to defer settlement.
- b) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.
- c) Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.
- d) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements.

The other new standards are not relevant to the council.

These changes are not expected to have a material effect on the Council's 2025/26 accounts.

### **3. Assumptions about the future and other major sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for the revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are listed below.

#### **Going Concern**

The Council's opinion is that application of the going concern principle is correct. Council reserves at year-end affirm we will be able to function as a going concern for at least 12 months from the date of approval. Our accounts have been prepared on a going concern basis.

## **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 Council has a significant programme of capital on the housing stock and undertakes major repairs and maintenance which will be able to sustain assumptions made regarding the useful lives assigned to assets.

A review of HRA Asset Components during 2014/15 resulted in a categorisation of properties by type before components are assigned and valued. The review included an analysis of components used by the National Housing Federation, St Albans Stock Condition Survey and Local Authority Accounting Panel (LAAP) bulletin 86.

HRA dwellings are categorised as a House, Flat or Bungalow as the first stage of component calculation. The depreciation of each component is then calculated with the main fabric of the building considered to last for 100 years.

## **Pensions liability**

Estimation of the Council's unfunded liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Full details are set out in note 27.

The effects on the net pension's liability of changes in individual assumptions cannot be precisely calculated. The assumptions interact in complex ways including the impact of interest rates. During 2024/25, the Council's actuaries advised that the net pensions liability has increased by £3.5m to £21.2m (2023/24: increased by £3.4m to £17.7m). £33.5m (2023/24: £12.5m) of this is due to a requirement under IAS19 to make allowance for committed future minimum payments to the Pension fund that were identified during the last Triennial valuation in 2022. The valuation identified a need for additional funding over 20 years and 17 years remain outstanding. The £33.5m adjustment assumes that the secondary contributions of £1.5m mandated in the Rates and Adjustments Certificate for the Financial Year will continue to be paid at the same rate.

Future minimum payment requirements exist to improve the security of the post-employment benefit promise made to members of an employee benefit plan. Such requirements normally stipulate a minimum amount or level of

contributions that must be made to a plan over a given future period. Therefore, a minimum funding requirement may limit the ability of the entity to reduce future contributions to the extent that the contributions payable will not be available after they are paid into the plan.

### **Business rates appeals provision**

Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2024/25 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses may have been overcharged up to 31 March 2025. It is unknown how many of the outstanding appeals will be successful, though estimation techniques have been applied to the outstanding appeals using historic success rate data and the latest Valuation Office (VAO) ratings list of appeals. The total provision for appeals is £4.04m (2023/24 £3.80m) and the Council's share held in the Balance Sheet is £1.62m (2023/24 £1.52m). The increase in total provision from last year is £0.24m.

If business rate appeals were to increase significantly, the provision would have to be reassessed and any increase in liability would be shared between the Council, Central Government and Hertfordshire County Council. The Council has taken independent advice on the level of provision required and believe the provision to be reasonable given the pandemic and associated uncertainty.

### **Fair Value measurement**

When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques. Inputs to these valuation techniques are based on observable data when possible, but where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value.

The authority uses the discounted cashflow (DCF) and depreciated replacement cost (DRC) models to measure the fair value of some of its investment properties and financial assets. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates (adjusted for regional factors) for both investment properties and some financial assets. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.

#### **4. Events after the Balance Sheet date**

This statement of accounts was authorised for issue by the Assistant Director – Finance on the date set out on page 20. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

#### **5. Expenditure and Funding Analysis**

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the Council in comparison with 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 Council's service departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CI&ES).

*See overleaf*

<b>Expenditure and Funding Analysis 2024/25</b>	Net Expenditure Chargeable to the General Fund Balance £'000	Net Expenditure Chargeable to the HRA Balance £'000	Adjustments relating to internal management reporting £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Customer, Business and Corporate	6,843	-	3,051	(9,389)	13,181
Community and Place Delivery	9,958	-	-	(3,319)	13,277
Strategy Policy and Transformation	1,199	-	-	(278)	1,477
Housing Revenue Account	-	(25,303)	(1,579)	(22,503)	(1,221)
<b>Net Cost of Services</b>	<b>18,000</b>	<b>(25,303)</b>	<b>1,472</b>	<b>(35,489)</b>	<b>26,714</b>
<b>All other Income and Expenditure</b>	<b>(16,555)</b>	<b>14,038</b>	<b>(1,472)</b>	<b>4,267</b>	<b>(5,312)</b>
Rounding					-
<b>Deficit/(surplus) on Provision of Services</b>	<b>1,445</b>	<b>(11,265)</b>	<b>-</b>	<b>(31,222)</b>	<b>21,402</b>
	<b>General Fund</b>	<b>HRA</b>	<b>Total</b>		
<b>Opening Reserves Balances at 1st April</b>	<b>(8,335)</b>	<b>(12,635)</b>	<b>(20,970)</b>		
(Surplus)/deficit in year	1,445	(11,265)	(9,820)		
<b>Closing Reserves Balances at 31 March</b>	<b>(6,891)</b>	<b>(23,900)</b>	<b>(30,791)</b>		

<b>Expenditure and Funding Analysis 2023/24</b>	Net Expenditure Chargeable to the General Fund Balance £'000	Net Expenditure Chargeable to the HRA Balance £'000	Adjustments relating to internal management reporting £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Customer, Business and Corporate	2,704	-	(733)	(94)	3,531
Community and Place Delivery	10,593	-	-	(7,863)	18,456
Strategy Policy and Transformation	6,126	-	2,582	(3,417)	6,961
Housing Revenue Account	-	3,944	11,109	(5,129)	(2,036)
<b>Net Cost of Services</b>	<b>19,423</b>	<b>3,944</b>	<b>12,958</b>	<b>(16,504)</b>	<b>26,912</b>
<b>All other Income and Expenditure</b>	<b>(19,365)</b>	<b>(7,539)</b>	<b>(12,958)</b>	<b>10,366</b>	<b>(24,311)</b>
Rounding	(2)				(2)
<b>Deficit/(surplus) on Provision of Services</b>	<b>56</b>	<b>(3,595)</b>	<b>-</b>	<b>(6,138)</b>	<b>2,599</b>
	<b>General Fund</b>	<b>HRA</b>	<b>Total</b>		
<b>Opening Reserves Balances 1 April</b>	<b>(8,391)</b>	<b>(9,040)</b>	<b>(17,431)</b>		
(Surplus)/deficit in year	56	(3,595)	(3,539)		
<b>Closing Reserves Balances at 31 March</b>	<b>(8,335)</b>	<b>(12,635)</b>	<b>(20,970)</b>		



## Adjustments from General Fund and HRA to arrive at the Comprehensive Income and Expenditure Statement amounts

### Explanation of adjustments

#### i. Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the service line, and for:

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

#### ii. Net Change for the Pension Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

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

#### iii. Other Differences

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

- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and national non-domestic rates (NNDR) that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the

Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

### Adjustments Relating to Internal Management Reporting

Adjustments Relating to Internal Management Reporting	Interest	MRP	RCCO	Trading Accounts	Total
2024/25	£'000	£'000	£'000	£'000	£'000
Customer, Business and Corporate	(115)	2,957	269	(60)	3,051
Community and Place Delivery	-	-	-	-	-
Strategy Policy and Transformation	-	-	-	-	-
<b>General Fund Total</b>	<b>(115)</b>	<b>2,957</b>	<b>269</b>	<b>(60)</b>	<b>3,051</b>
<b>HRA Total</b>	<b>4,421</b>	<b>(6,000)</b>	<b>-</b>	<b>-</b>	<b>(1,579)</b>

Adjustments Relating to Internal Management Reporting	Interest	MRP	RCCO	Trading Accounts	Total
2023/24	£'000	£'000	£'000	£'000	£'000
Customer, Business and Corporate	(697)	-	-	(36)	(733)
Community and Place Delivery	-	-	-	-	-
Strategy Policy and Transformation	-	2,576	6	-	2,582
<b>General Fund Total</b>	<b>(697)</b>	<b>2,576</b>	<b>6</b>	<b>(36)</b>	<b>1,849</b>
<b>HRA Total</b>	<b>3,909</b>	<b>7,200</b>	<b>-</b>	<b>-</b>	<b>11,109</b>

Note: Information presented to management is in a format to enable a quick and easy assessment of performance against the approved budget. There are a number of items that are reported to management as part of their service income and expenditure that are not included in Service Expenditure in the Comprehensive Income and Expenditure Statement (as required by generally accepted accounting practice). These are interest, Minimum Revenue Provision (MRP) and Revenue Contribution to Capital Outlay (RCCO).

### Segmental income

2023/24 £'000	Segmental Income	2024/25 £'000
	<b>Directorates</b>	
(31,125)	Customer, Business and Corporate	(34,827)
(18,575)	Community and Place Delivery	(21,172)
(6,202)	Strategy Policy and Transformation	(3,498)
(33,884)	Housing Revenue Account	(41,095)
<b>(89,786)</b>	<b>Total Income analysed on a segmental basis</b>	<b>(100,592)</b>
(31,221)	Non-segmental	(25,825)
<b>(121,007)</b>	<b>Total Income</b>	<b>(126,417)</b>

## Expenditure/Income by nature

2023/24 £'000		2024/25 £'000
	<b>Income</b>	
(50,501)	Fees, charges & other service income	(55,744)
(1,760)	Other capital receipts and income	(161)
(12,986)	Support Service recharge income	(14,179)
(1,034)	Interest and investment income	(2,105)
(16,152)	Income from council tax	(17,020)
1,524	Income from business rates	1,541
(40,098)	Government grants and other contributions	(38,749)
<b>(121,007)</b>	<b>Total Income</b>	<b>(126,417)</b>
	<b>Expenditure</b>	
21,161	Employee benefits expenses	21,373
56,922	Other Service Expenses	55,184
12,879	Support Service recharge expenditure	13,696
26,411	Revaluation gains, depreciation, amortisation and impairment	48,562
4,128	Interest payments	6,216
656	Pension adjustment	748
3,457	Precepts and levies	3,830
-	Payments to Housing Capital Receipts Pool	-
(2,007)	Gain or Loss on Disposal of Fixed Assets and derecognition of replaced asset components	(1,787)
<b>123,607</b>	<b>Total expenditure</b>	<b>147,822</b>
<b>2,600</b>	<b>(Gain)/Loss on the Provision of Services</b>	<b>21,405</b>

*Continued overleaf*

## 6. Adjustments Between Accounting Basis and Funding Basis Under Regulations

### Combined Reserves Table note

Adjustments between accounting basis and funding basis under regulations	Usable reserves					Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts reserves	Major Repairs Reserve	Capital Grants Unapplied	
2024/2025	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments to the Revenue Resources</b>						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension Costs (transferred to/(from) the Pensions Reserve)	583	110				(693)
Council Tax and NDR (transfers to/(from) the Collection Fund Adjustment Account)	1,883					(1,883)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(58,365)	(14,955)			(5,830)	79,150
<b>Total Adjustments to Revenue Resources</b>	<b>(55,899)</b>	<b>(14,845)</b>	<b>-</b>	<b>-</b>	<b>(5,830)</b>	<b>76,574</b>
<b>Adjustments between Revenue and Capital Resources</b>						
Transfer of non-current asset sales proceeds from revenue to the Capital Receipts Reserve	29,577	3,932	(33,509)			-
Administration costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-	-	-			-
Payments to the government of housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-		-			-
Posting of HRA resources from revenue to Major Repairs Reserve		8,784		(8,784)		-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	2,957	(6,000)				3,043
Other capital receipts taken to the CI&ES	-	-	(10)			10
GF Asset Disposal NBV (transfer to Capital Adjustment Account)	-					-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	269	-				(269)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>32,803</b>	<b>6,716</b>	<b>(33,519)</b>	<b>(8,784)</b>	<b>-</b>	<b>2,784</b>
<b>Adjustments to Capital Resources</b>						
Use of Capital Receipts Reserve to finance capital expenditure			36,308			(36,308)
Use of Major Repairs Reserve to finance capital expenditure				7,867		(7,867)
Application of capital grants to finance capital expenditure					5,832	(5,832)
Cash payments in relation to deferred capital receipts	-					-
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>-</b>	<b>36,308</b>	<b>7,867</b>	<b>5,832</b>	<b>(50,007)</b>
<b>Total Adjustments</b>	<b>(23,096)</b>	<b>(8,129)</b>	<b>2,789</b>	<b>(917)</b>	<b>2</b>	<b>29,351</b>

Adjustments between accounting basis and funding basis under regulations	Usable reserves					Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts reserves	Major Repairs Reserve	Capital Grants Unapplied	
2023/2024	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments to the Revenue Resources</b>						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension Costs (transferred to/(from) the Pensions Reserve)	352	66	-	-	-	(418)
Council Tax and NDR (transfers to/(from) the Collection Fund Adjustment Account)	(812)	-	-	-	-	812
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(6,538)	(17,497)	-	-	(7,442)	31,477
<b>Total Adjustments to Revenue Resources</b>	<b>(6,998)</b>	<b>(17,431)</b>	<b>-</b>	<b>-</b>	<b>(7,442)</b>	<b>31,871</b>
<b>Adjustments between Revenue and Capital Resources</b>						
Transfer of non-current asset sales proceeds from revenue to the Capital Receipts Reserve	1,434	3,125	(4,559)	-	-	-
Administration costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-	-	-	-	-	-
Payments to the government of housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-	-	-	-	-	-
Posting of HRA resources from revenue to Major Repairs Reserve	-	4,219	-	(4,219)	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	2,576	7,200	-	-	-	(9,776)
Other capital receipts taken to the CI&ES	(270)	-	(8)	-	-	278
GF Asset Disposal NBV (transfer to Capital Adjustment Account)	-	-	-	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	6	-	-	-	-	(6)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>3,746</b>	<b>14,544</b>	<b>(4,567)</b>	<b>(4,219)</b>	<b>-</b>	<b>(9,504)</b>
<b>Adjustments to Capital Resources</b>						
Use of Capital Receipts Reserve to finance capital expenditure	-	-	6,011	-	-	(6,011)
Use of Major Repairs Reserve to finance capital expenditure	-	-	-	9,024	-	(9,024)
Application of capital grants to finance capital expenditure	-	-	-	-	7,850	(7,850)
Cash payments in relation to deferred capital receipts	-	-	-	-	-	-
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>-</b>	<b>6,011</b>	<b>9,024</b>	<b>7,850</b>	<b>(22,885)</b>
<b>Total Adjustments</b>	<b>(3,252)</b>	<b>(2,887)</b>	<b>1,444</b>	<b>4,805</b>	<b>408</b>	<b>(518)</b>

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 the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets 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. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore 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. However, the balance is not available to be applied to funding HRA services.

## **Housing Revenue Account Balance**

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund expenditure in connection with the Council's landlord function or (where is 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 to finance historical capital expenditure. 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 (MRR) for housing purposes. The MRR is restricted to being applied to new capital investment on HRA assets or the financing of historical capital expenditure by the HRA.

## **Capital Grants Unapplied**

The Capital Grants Unapplied Account (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. 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.

## 7. Transfers To/From Earmarked Reserves

This note sets out the amounts set aside from the General Fund and Housing Revenue Account balances to earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and Housing Revenue Account Expenditure in 2024/25.

	Balance at 31 March 2023 £'000	Transfers out 2023/24 £'000	Transfers In 2023/24 £'000	Balance at 31 March 2024 £'000	Transfers out 2024/25 £'000	Transfers In 2024/25 £'000	Balance at 31 March 2025 £'000
<b>General Fund Earmarked Reserves</b>							
Lockey House	450	(60)	223	613	(15)	166	763
Planning Reserves	428	(80)	27	375	(7)	35	403
Homelessness Reduction (FHSG)	104	-	243	347	(348)	-	-
Syrian Refugees	397	(54)	-	343	(41)	-	301
Museum Trust Reserve	277	-	-	277	-	-	277
CNC R&M / Ward Funds	133	-	34	167	(15)	-	153
Repairs & Maintenance Reserve	1	-	158	159	-	47	208
Housing Benefit Grants	108	-	-	108	-	-	108
Apprentices	70	(13)	-	57	(13)	-	44
Verulamium Park Reserve	43	-	14	57	-	14	71
Transformation Fund	50	-	-	50	-	-	50
Refuse collection Reserve	41	(4)	-	37	-	-	36
Climate initiative	36	(8)	-	28	(4)	-	24
Sustainability Projects	12	-	-	12	-	5	18
All other reserves (individually less than £50k)	223	(43)	58	238	(35)	12	216
<b>General Fund sub-total</b>	<b>2,373</b>	<b>(262)</b>	<b>757</b>	<b>2,868</b>	<b>(477)</b>	<b>279</b>	<b>2,671</b>
Collection Fund (timing difference)	2,499	-	577	3,076	(1,658)	-	1,418
<b>General Fund Earmarked Reserves Sub-Total</b>	<b>4,872</b>	<b>(262)</b>	<b>1,334</b>	<b>5,944</b>	<b>(2,136)</b>	<b>279</b>	<b>4,089</b>
<b>Housing Revenue Account Reserves</b>							
Revenue earmarked reserve	5,091	-	2,800	7,891	-	6,000	13,891
Capital expenditure reserve	411	-	85	496	-	85	581
<b>HRA sub-total</b>	<b>5,503</b>	<b>-</b>	<b>2,885</b>	<b>8,388</b>	<b>-</b>	<b>6,085</b>	<b>14,473</b>
<b>Total</b>	<b>10,375</b>	<b>(262)</b>	<b>4,219</b>	<b>14,332</b>	<b>(2,136)</b>	<b>6,364</b>	<b>18,561</b>

## 8. Other Operating Expenditure

2023/24 £'000		2024/25 £'000
3,457	Parish Council Precepts	3,831
-	Payments to the Government Housing Capital Receipts Pool	-
(2,963)	(Gains)/losses on the disposal of non-current assets	14,569
(481)	Write-off of replaced asset components *	-
(326)	Other Capital receipts and income	(161)
<b>(313)</b>		<b>18,239</b>

\*This relates to the derecognition of significant components (for example bathrooms and windows) in housing properties that were replaced during the year.

## 9. Financing and Investment Income and Expenditure

2023/24 £'000		2024/25 £'000
4,102	Interest payable and similar charges	6,211
655	Net interest on the net defined benefit liability	748
(883)	Interest receivable and similar income	(1,894)
729	Changes in fair value of investment properties	(7)
103	Impairments to financial assets incl reversals	(112)
(36)	(Surplus)/deficit from trading operations not included in Net Cost of Services	(60)
<b>4,670</b>		<b>4,886</b>



## 10. Taxation and Non-Specific Grant Income

2023/2024 £'000		2024/2025 £'000
	<b>Council Tax</b>	
(15,951)	Council Tax Income	(16,759)
(200)	Transfer from the Collection Fund	(260)
<b>(16,151)</b>	<b>Council Tax net</b>	<b>(17,019)</b>
	<b>Business Rates</b>	
(26,327)	Share of Business Rate income	(25,797)
27,877	Tariff paid to central government	29,266
(21)	Council's share of Business Rates deficit	(21)
(4)	Safety net payment due to/(from) central government	(1,905)
<b>1,525</b>	<b>Business Rates net income</b>	<b>1,543</b>
	<b>Non-specific Grants</b>	
(117)	Revenue support grant	(125)
(4,738)	Small Business Rate relief	(4,798)
(195)	New Homes Bonus	(561)
(1,359)	Funding Guarantee Grant	(1,468)
(93)	Services Grant	(295)
(58)	Coronavirus Grants	-
(7,482)	Capital grants and contributions	(5,714)
<b>(14,042)</b>	<b>Non-specific Grants sub-total</b>	<b>(12,961)</b>
<b>(28,668)</b>	<b>Total</b>	<b>(28,437)</b>

*Continued overleaf*

## 11. Property, Plant and Equipment

Property, Plant & Equipment Movements	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Furniture & Equipment	Infrastructure £'000	Asset Under Construction £'000	Property, Plant & Equipment Total £'000
<b>Cost or Valuation</b>						
At 1 April 2024	647,393	227,033	18,364	3,312	69,922	<b>966,024</b>
Transfers	-	-	-	-	-	-
Additions	12,446	785	6,312	621	9,730	<b>29,894</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	-	-	-	-	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-
Write off - disposals	(1,085)	(39,651)	(5,680)	-	-	<b>(46,416)</b>
Derecognition - other	(8,422)	(4,074)	-	-	-	<b>(12,496)</b>
Assets reclassified (to)/from	6,725	66,432	-	14	(73,225)	<b>(54)</b>
Assets reclassified (to)/from assets held for sale	1,438	-	-	-	-	<b>1,438</b>
Impairment (losses)/reversals recognised in the surplus/deficit on the Provision of Services	(7,675)	(9,816)	-	-	(208)	<b>(17,699)</b>
Impairment (losses)/reversals recognised in the Revaluation Reserve	37,162	(12,681)	-	-	-	<b>24,481</b>
<b>At 31 March 2025</b>	<b>687,982</b>	<b>228,028</b>	<b>18,996</b>	<b>3,947</b>	<b>6,219</b>	<b>945,172</b>
<b>Accumulated Depreciation and Impairment</b>						
At 1 April 2024	(1)	(4,691)	(15,328)	(2,029)	-	<b>(22,049)</b>
Transfers	-	-	-	-	-	-
Depreciation charge	(8,437)	(2,736)	(1,072)	(228)	-	<b>(12,473)</b>
Depreciation written out to the Revaluation Reserve	8,422	4,074	-	-	-	<b>12,496</b>
Depreciation written out to the Surplus/(Deficit) on the Provision of Services	-	-	-	-	-	-
Write off - disposals	14	44	5,680	-	-	<b>5,738</b>
Impairment (losses)/reversals recognised in the Surplus/(Deficit) on the Provision of Services	-	-	-	-	-	-
Reclassification Transfers	-	-	-	-	-	-
<b>At 31 March 2025</b>	<b>(2)</b>	<b>(3,309)</b>	<b>(10,720)</b>	<b>(2,257)</b>	<b>-</b>	<b>(16,288)</b>
<b>Net Book Value</b>						
<b>At 31 March 2024</b>	<b>647,392</b>	<b>222,342</b>	<b>3,036</b>	<b>1,283</b>	<b>69,922</b>	<b>943,975</b>
<b>At 31 March 2025</b>	<b>687,980</b>	<b>224,719</b>	<b>8,276</b>	<b>1,690</b>	<b>6,219</b>	<b>928,884</b>

Property, Plant & Equipment Movements	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Furniture & Equipment £'000	Infrastructure £'000	Asset Under Construction £'000	Property, Plant & Equipment Total £'000
<b>Cost or Valuation</b>						
At 1 April 2023	589,843	234,810	18,496	3,438	75,230	921,817
Transfers	163	211	4	166	(442)	102
Additions	11,058	636	421	(292)	8,506	20,329
Revaluation increases/(decreases) recognised in the Revaluation Reserve	58,983	1,186	-	-	-	60,169
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-
Write off - disposals	(1,423)	(786)	(557)	-	-	(2,766)
Write off - replaced components	-	-	-	-	-	-
Assets reclassified (to)/from	-	1,478	-	-	(8,840)	(7,362)
Assets reclassified (to)/from assets held for sale	(3,136)	4,283	-	-	(4,532)	(3,385)
Impairment (losses)/reversals recognised in the surplus/deficit on the Provision of Services	(380)	(11,519)	-	-	-	(11,899)
Impairment (losses)/reversals recognised in the Revaluation Reserve	(7,715)	(3,266)	-	-	-	(10,981)
<b>At 31 March 2024</b>	<b>647,393</b>	<b>227,033</b>	<b>18,364</b>	<b>3,312</b>	<b>69,922</b>	<b>966,024</b>
<b>Accumulated Depreciation and Impairment</b>						
At 1 April 2023	(112)	(5,204)	(14,195)	(1,816)	-	(21,327)
Update to opening balances	112	-	-	1	-	113
Transfers	-	-	-	-	-	-
Depreciation charge	(7,734)	(2,913)	(1,672)	(257)	-	(12,576)
Depreciation written out to the Revaluation Reserve	7,715	3,266	-	-	-	10,981
Depreciation written out to the Surplus/(Deficit) on the Provision of Services	-	-	-	-	-	-
Write off - disposals	18	9	539	43	-	609
Impairment (losses)/reversals recognised in the Surplus/(Deficit) on the Provision of Services	-	-	-	-	-	-
Reclassification Transfers	-	151	-	-	-	151
<b>At 31 March 2024</b>	<b>(1)</b>	<b>(4,691)</b>	<b>(15,328)</b>	<b>(2,029)</b>	<b>-</b>	<b>(22,049)</b>
<b>Net Book Value</b>						
<b>At 31 March 2023</b>	<b>589,732</b>	<b>229,605</b>	<b>4,300</b>	<b>1,623</b>	<b>75,230</b>	<b>900,490</b>
<b>At 31 March 2024</b>	<b>647,392</b>	<b>222,342</b>	<b>3,036</b>	<b>1,283</b>	<b>69,922</b>	<b>943,975</b>

## **HRA Single Dwellings – Component Asset Replacement**

A specific approach is adopted for the replacement of component assets such as kitchens, bathrooms and boilers for single council house dwellings. This is to recognise that such assets are being replaced around the end of their useful lives. Due to this, a dedicated approach to depreciation is used, as described below. This results the cost of the component about to be replaced being effectively fully depreciated at the time of replacement.

### **Depreciation**

The following useful lives and depreciation rates have been used in the calculation of depreciation. HRA dwellings are classified into type and size of building. The components were reviewed and updated during 2014/15, they remained unchanged for 2024/25.

- Council dwellings, multi-occupied dwellings and other buildings are depreciated on the basis of their components, where appropriate as follows:
  - Land: no depreciation
  - Structure: 100 years
  - Roof: 70 years
  - Windows: 30 years
  - Internal components: 15 to 40 years
- Other buildings: 30 to 60 years
- Vehicles, plant and equipment: 3 to 35 years
- Infrastructure: 5 to 20 years.

It is estimated that if the annual depreciation charge for assets were to increase by 1% the extra charge would amount to £127k (2023/24: £126k).

### **Capital Commitments**

As at 31 March 2025, the Council has entered into a number of contracts for the construction and enhancement of Property, Plant and Equipment at a cost of £1.6m. Similar commitments as at 31 March 2024 were £5.7m.

### **Revaluations**

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. Valuations were carried out externally by external firms of Chartered Surveyors. 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.

Vehicles, plant and furniture are not revalued, and depreciated cost is used as a proxy for current value.

HRA dwellings are valued using the Beacon basis whereby all properties are linked to a set of beacon properties and valued in line with the change in average value of the beacons. Beacon properties were revalued 1 April 2020, and in each subsequent year around 1 in 5 are revalued.

The significant assumptions in estimating the current values are:

- a) For specialised DRC properties, the rebuild cost and functional and physical obsolescence assumptions applied.
- b) For non-specialised operational assets, the expected future rentals and appropriate yields.
- c) For dwellings, the market values of the beacon properties and use of the EUV-SH adjustment factor.

The Code prescribes that the classes of Property, Plant and Equipment shown in the following table are revalued at least once every five years. The table shows the carrying value of each class of asset in the accounts by year of valuation. In accordance with the Council's policy, depreciated historic cost is used as a proxy for current value for Vehicles and Plant on the grounds of materiality. In view of the materiality to the accounts and material changes in value from year to year, council dwellings are revalued annually. Assets Held for Sale (AHfS) until sold remain SADC owned council Dwellings or Other Land and Buildings.

<b>Year of valuation of value in accounts</b>	<b>Council Dwellings £'000</b>	<b>Other Land and Buildings £'000</b>	<b>Vehicles, Plant &amp; Infrastructure £'000</b>	<b>Total £'000</b>
Valued at historical Cost	-	-	9,966	9,966
Valued at current value in:				
2020/21	-	1,394	-	1,394
2021/22	-	6,504	-	6,504
2022/23	-	81,373	-	81,373
2023/24	-	66,174	-	66,174
2024/25	687,980	69,274	-	757,254
<b>Total</b>	<b>687,980</b>	<b>224,719</b>	<b>9,966</b>	<b>922,665</b>

## 12. Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets Held by the Authority	1 April 2023	31 March 2024	1 April 2024	Additions	Revaluation	31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000
Exhibits	5,318	5,355	5,355	-	70	5,425
Silver	407	186	186	-	(18)	168
Civic Regalia	182	165	165	-	120	285
Cups and Trophies	646	771	771	-	(249)	522
Sculptures	42	43	43	-	1	44
War Memorials	494	492	492	-	-	492
<b>Total Assets</b>	<b>7,089</b>	<b>7,012</b>	<b>7,012</b>	<b>-</b>	<b>(76)</b>	<b>6,936</b>

The movement in asset values during the year is exclusively related to revaluation.

A review of Heritage Assets was carried out in April 2013 with the auctioneers Christies completing a valuation. These values have been uplifted each year by an inflation provision.

Acquisitions for Heritage Assets are initially recognised at cost and are adjusted for any changes required for insurance in future years.

### Information on the Museums' Collections

The City and District of St Albans is an area of outstanding historical and cultural heritage. The Council provided museum services through two accredited museums and also manages a number of historic properties.

The museum's collections consist of approximately 80,000 objects and specimens which range from fossils and archaeological remains to archives such as maps, prints drawings, photographs and ephemera associated with St Albans and its people.

The Council owns a number of properties of historic interest that are currently in use such as the old Town Hall. These are classified as operational assets and therefore held within Property, Plant and Equipment.

The Council also owns non-operational Heritage Property Assets, including historical earthworks and exposed ruins. These assets have no intrinsic value but are held and maintained principally for their contribution to knowledge and culture.

### 13. Investment Properties

The following items of income and expense have been accounted for in the Comprehensive Income and Expenditure Statement.

2023/2024 £'000		2024/2025 £'000
(905)	Rental income from investment property	(876)
117	Direct operating expenses arising from investment property	90
<b>(788)</b>	<b>Net (gain)/loss</b>	<b>(786)</b>

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property.

The following table summarises the movement in the fair value of investment properties over the year:

2023/24 £'000		2024/25 £'000
<b>6,270</b>	<b>Balance at start of year:</b>	<b>6,521</b>
-	- Addition	-
-	- Disposals	-
-	- Reclassification	-
251	Revaluation	(803)
<b>6,521</b>	<b>Balance at end of the year</b>	<b>5,718</b>

Investment Properties are those that are used solely to earn rentals and/or for capital appreciation (Accounting Policies note 1.11).

	2023/24		2024/25	
Recurring fair value measurements using:	Other significant observable inputs (Level 2)	Fair value as at 31st March 2024	Other significant observable inputs (Level 2)	Fair value as at 31st March 2025
	£000	£000	£000	£000
Office Units	444	444	442	442
Retail Units	3,125	3,125	3,521	3,521
Recreational	2,952	2,952	1,755	1,755
<b>Total</b>	<b>6,521</b>	<b>6,521</b>	<b>5,718</b>	<b>5,718</b>

Investment Properties are valued at fair value as at 31 March 2025. Analysis of the relevant valuation techniques classifies these assets as level 2 of the IFRS 13 Fair Value calculation.

Level 2 assets have significant observable inputs. The fair value has been based on the market approach using current market conditions and other relevant information for similar assets in the local authority area.

A fair value measurement of an investment asset 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.

## 14. Financial Instruments

Financial instruments are contracts that give rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

### Categories of Financial Instruments

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

	Long-Term		Current	
	At 31 March 2024 £'000	At 31 March 2025 £'000	At 31 March 2024 £'000	At 31 March 2025 £'000
<b>Investments</b>				
Cash and Cash Equivalents at amortised cost	-	-	9,511	17,708
<b>Debtors</b>				
Financial assets at amortised cost	111	105	5,333	4,469
Impairment Loss Allowance	-	-	(899)	(705)
<b>Borrowings</b>				
Financial liabilities at amortised cost	(172,842)	(171,812)	(60,225)	(31,030)
<b>Creditors</b>				
Financial liabilities carried at amortised cost	-	(95)	-	(87)
Financial liabilities carried at contract amounts	(56)	(58)	(9,728)	(19,421)



## Income, Expense, Gains and Losses included in the Comprehensive Income and Expenditure Statement

2023/24			Financial Instruments	2024/25		
Financial Liabilities: measured at amortised cost £'000	Financial Assets: loans and receivables £'000	Total £'000		Financial Liabilities: measured at amortised cost £'000	Financial Assets: loans and receivables £'000	Total £'000
4,102	-	4,102	Total interest expense in the Surplus or Deficit on the Provision of Services	6,211	-	6,211
-	(883)	(883)	Total interest income in the Surplus or Deficit on the Provision of Services	-	(1,894)	(1,894)
4,102	(883)	3,219	Net (gain)/loss for the year in Surplus or Deficit on the Provision of Services	6,211	(1,894)	4,317

## Fair Value of Assets and Liabilities

31 March 2024			31 March 2025	
Carrying amount £'000	Fair Value £'000		Carrying amount £'000	Fair Value £'000
7,604	7,604	Cash	12,026	12,026
1,905	1,907	Fixed term deposits	5,002	5,002

31 March 2024			31 March 2025	
Carrying amount £'000	Fair Value £'000		Carrying amount £'000	Fair Value £'000
223,066	207,328	Public Works Loan Board loans	202,842	184,675
10,000	10,000	Other Local Authorities	-	-

## 15. Short Term Debtors

At 31 March 2024 £'000		At 31 March 2025 £'000
	<b>Amounts falling due within the next year:</b>	
195	Government department National non-domestic rates	59
1,141	Government departments other	583
180	Other Local Authorities in Sundry debtors	28
649	Advance payments/bookings	894
682	Council Tax/National NNDR costs	665
2,811	Council Tax and NNDR arrears	2,547
-	Mortgages (repayments within 1 year)	-
1,010	Housing Rents	723
990	Rent Allowances and rebates	1,016
1,612	Leaseholders	1,854
3,069	Sundry Debtors	3,075
<b>12,339</b>		<b>11,444</b>
	<b>Less: Allowance for doubtful debts</b>	
(2,481)	Collection Fund	(2,090)
(687)	Housing Rents	(493)
(461)	Sundry Debtors	(340)
39	Leaseholders	42
<b>8,749</b>	<b>Total Short Term Debtors</b>	<b>8,563</b>

## 16. Assets Held for Sale

These are qualifying assets where the Council considers it highly probable that completion of the sale will be within one year of classification as an asset held for sale.

	2023/24 £'000	2024/25 £'000
<b>Balance at start of year</b>	<b>136</b>	<b>10,734</b>
Additions**	2	(674)
Revaluation Gains/(Losses) in year	-	-
Assets sold in year	-	(7,328)
Assets reclassified out as unsold	(152)	(2,732)
<b>Assets newly classified as held for sale:</b>		
Property, Plant & Equipment	10,747	1,294
<b>Balance at Year End</b>	<b>10,733</b>	<b>1,294</b>
** 2024/25 'Negative' additions represents reversal of redevelopment costs allocated to the site before a decision to sell, not redevelop, was taken		

31 March 2025 Assets Held for Sale includes £1.29m for Council Housing subject to Right to Buy applications (31 March 2024: included £6.7m for Harpenden Public Halls).

Assets Held for Sale are valued at Fair Value at 31 March 2025. Analysis of the relevant valuation techniques classifies these assets as Level 2.

## 17. Cash and Cash Equivalents

At 31 March 2024 £'000		At 31 March 2025 £'000
3	Cash held by the Council	2
915	Bank Current Accounts	4,849
6,686	Short-term deposits	7,175
<b>7,604</b>	<b>Total Cash and Cash equivalents</b>	<b>12,026</b>

## 18. Short Term Creditors

At 31 March 2024 £'000		At 31 March 2025 £'000
5,502	Collection Fund	5,087
9,029	Trade Creditors	14,884
1,170	Other Creditors	5,121
4,079	Receipts in advance	3,377
<b>19,780</b>	<b>Total</b>	<b>28,469</b>

## 19. Other Long Term Liabilities and Short Term and Long Term Provisions

### 19.1 Long Term Liabilities

Long term liabilities included lease liabilities and deposits for commercial premises. The long-term portion of lease liabilities and deposits amounts to £0.1m (2023/24: £Nil) and £0.06m (2023/24: £0.06m) respectively.

### 19.2 Provisions

Under the Business Rates Retention Scheme the Council is liable for its share of any business rates that are not collected. All business premises can appeal their valuation, set by the Valuation Office, which is used for setting the level of rates payable. Until the appeal is heard and decided a provision is estimated to cover the possibility of successful appeals. Changes to the provision are charged to the Collection Fund. The following table shows the movement in the Council's 40% share of the provision.

<b>Provisions: Business Rate Appeals</b>	<b>£'000</b>
<b>Balance at 1 April 2024</b>	<b>1,519</b>
Additional provisions made	1,297
Amounts used	(1,201)
<b>Balance at 31 March 2025</b>	<b>1,615</b>
<b>Made up of:</b>	
Long Term provisions	1,032
Short Term provisions	583

## 20. Unusable reserves

Unusable reserves arise from accounting entries not involving cash transactions and cannot therefore be used to fund future council activities. They include entries relating to the revaluation of buildings, depreciation, and other timing differences between the accounting requirements of the Code and those of legislation.

<b>2023/24</b>		<b>2024/25</b>
<b>£'000</b>		<b>£'000</b>
(478,080)	Revaluation Reserve	(490,549)
(222,474)	Capital Adjustment Account	(201,684)
17,704	Pensions Reserve	21,199
(25)	Deferred Capital Receipts Reserve	(15)
2,819	Collection Fund Adjustment Account	936
<b>(680,056)</b>	<b>Total Unusable Reserves</b>	<b>(670,113)</b>

### Revaluation Reserve

The Revaluation Reserve contains gains made by the Council arising from the increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are revalued downwards, used in the provision of services (and the gains are consumed through depreciation), or disposed of and the gains are realised.

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

2023/24 £'000		2024/25 £'000
(421,874)	<b>Balance at 1 April</b>	<b>(478,081)</b>
(68,375)	Revaluation (gain)/loss of assets	(64,780)
7,219	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	41,186
-	Cost of Component Additions in Housing Single Dwellings offset against existing Revaluation Reserve for that property	-
<b>(61,156)</b>	<b>(Surplus)/deficit on revaluation of non-current assets not posted to the Surplus or deficit on the Provision of Services</b>	<b>(23,594)</b>
4,195	Difference between fair value depreciation and historical cost depreciation transferred to the Capital Adjustment Account	4,514
754	Accumulated (gains)/losses on assets sold or scrapped	6,612
<b>4,949</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>11,126</b>
<b>(478,081)</b>	<b>Balance at 31 March</b>	<b>(490,549)</b>

### 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 in line with the depreciation, impairment losses and amortisations 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.

Note 6 provides details of the source of all transactions posted to the Account, apart from those involving the Revaluation Reserve.

The “Net written out amount of the cost of non-current assets consumed in the year” is the reversal of the amounts charged to the CI&E for the consumption

of assets with a life over one year (e.g. depreciation) and the amount transferred to the Revaluation Reserves.

<b>2023/24</b> <b>£'000</b>	<b>Capital Adjustment Account</b>	<b>2024/25</b> <b>£'000</b>
<b>(216,605)</b>	<b>Balance as at 1 April</b>	<b>(222,474)</b>
	<i><b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b></i>	
12,531	Charges for depreciation and impairment of non current assets	12,473
729	Movements in the market value of Investment Properties debited or credited to the comprehensive Income and Expenditure Statement	(7)
12,185	Revaluation losses on Property, Plant and Equipment	17,699
162	Amortisation of Intangibles	70
4,465	Revenue expenditure funded from capital under statute	909
1,674	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	48,005
<b>31,746</b>	<b>Sub-total charges</b>	<b>79,149</b>
(4,195)	Difference between fair value depreciation and historical cost depreciation transferred to the Revaluation Reserve	(4,514)
(753)	Accumulated gains on assets sold or scrapped	(6,612)
<b>26,798</b>	<b>Net written out amount of the cost of non -current assets consumed in the year</b>	<b>68,023</b>
	<i><b>Capital Financing applied in the year:</b></i>	
(6,011)	Use of the Capital Receipts Reserve to finance new capital expenditure	(36,307)
(9,024)	Use of Major Repairs Reserve to finance new capital expenditure	(7,867)
(2,161)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(5,167)
(5,689)	Application of grants to capital financing from the Capital Grants Unapplied Account	(665)
(6)	Direct Revenue Financing	(269)
(7,200)	Housing debt repayment provision	6,000
(2,576)	Statutory provision for the financing of capital investment charged against the General Fund	(2,957)
<b>(32,667)</b>	<b>Sub-total capital financing</b>	<b>(47,232)</b>
<b>(222,474)</b>	<b>Balance at 31 March</b>	<b>(201,683)</b>

<b>2023/24</b>		<b>2024/25</b>
<b>£'000</b>		<b>£'000</b>
<b>26,798</b>	<b>Net written out amount of the cost of non-current assets consumed in the year (per the Capital Adjustment Account)</b>	<b>68,023</b>
4,195	Add back amount transferred to the Revaluation Reserve	4,514
753	Add back accumulated gains on assets sold or scrapped	6,612
(2,161)	Less Capital Grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(5,167)
(270)	Less Other Capital Receipts	-
<b>29,315</b>	<b>Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure</b>	<b>73,982</b>

### 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 pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

<b>2023/24</b>	<b>Pensions Reserve</b>	<b>2024/25</b>
<b>£'000</b>		<b>£'000</b>
<b>14,313</b>	<b>Balance at 1 April</b>	<b>17,704</b>
11	Cumulative historic actuarial discrepancies now resolved	-
3,798	Remeasurements of the net defined benefit liability	4,188
3,697	Reversal of items relating to retirement benefits debited to the Surplus on the Provision of Services in the Comprehensive Income and Expenditure Statement	3,595
(4,115)	Employer's pensions contributions and direct payments to pensioners payable in the year	(4,288)
<b>17,704</b>	<b>Balance at 31 March</b>	<b>21,199</b>

## Collection fund Adjustment Account

2023/24			Collection Fund Adjustment Account	2024/25		
Council Tax £'000	Business Rates £'000	Total £'000		Council Tax £'000	Business Rates £'000	Total £'000
(492)	2,498	2,006	Balance at 1 April	(257)	3,076	2,819
235	578	813	Movement on account	(225)	(1,658)	(1,884)
(257)	3,076	2,819	Balance at 31 March	(482)	1,418	935

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 taxpayers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

The movement on the account is the amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from the council tax and non-domestic rates income calculated for the year in accordance with statutory requirements.

A negative amount indicates that tax collected during the year was higher than distributed to the precepting bodies and government and a positive figure that more was paid to the precepting bodies than collected. In both cases adjustments are made in subsequent year to pay or recover the under/over payments.

## 21. Members' Allowances

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

2023/24 £000	Members' Allowances	2024/25 £000
415	Allowances	434
5	Expenses	1
<b>420</b>		<b>435</b>

Payments by Councillor are available here:

<https://www.stalbans.gov.uk/accounts-budgeting-and-spending>



## 22. Officers' Remuneration

The remuneration paid to the Councils' Head of Paid Service and non-statutory officers is as follows:

Post Title		Salary, fees and allowances £	Benefits in kind £	Total Remuneration excluding pension contributions £	Employer's pension contribution £	Total Remuneration including pension contributions £
Chief Executive and Head of Policy	2024/25	118,951	-	118,951	23,410	142,361
	2023/24	115,936	-	115,936	22,839	138,775
Strategic Lead - Transformation and Culture	2024/25	8,750	-	8,750	-	8,750
	2023/24	56,772	-	56,772	6,587	63,359
Strategic Director - Community & Place Delivery	2024/25	107,068	-	107,068	21,092	128,160
	2023/24	104,457	-	104,457	20,578	125,035
Strategic Director - Customer, Business & Corporate Support	2024/25	62,456	-	62,456	12,304	74,760
	2023/24	104,457	-	104,457	20,578	125,035
Strategic Director - Customer, Business & Corporate Support	2024/25	7,485	-	7,485	1,470	8,955
	2023/24	-	-	-	-	-
Section 151 officer	2024/25	74,900	-	74,900	25,350	100,250
	2023/24	-	-	-	-	-
Strategy and Policy Manager	2024/25	66,689	-	66,689	13,191	79,880
	2023/24	64,098	-	64,098	12,627	76,725
Monitoring Officer	2024/25	62,530	-	62,530	12,372	74,902
	2023/24	-	-	-	-	-

Note 1: For the officers reporting to the Chief Executive and Head of Policy for part of the year, the disclosure is for the full year salary

Remuneration	2023/24		2024/25	
	Number ex. redundancies	Number inc. redundancies	Number ex. redundancies	Number inc. redundancies
£50,000 - £54,999	29	29	24	24
£55,000 - £59,999	16	16	15	15
£60,000 - £64,999	3	3	13	13
£65,000 - £69,999	5	5	5	5
£70,000 - £74,999	6	6	5	5
£75,000 - £79,999	-	-	2	2
£80,000 - £84,999	-	-	-	-
£85,000 - £89,999	-	-	-	-
£90,000 - £94,999	1	1	-	-
£95,000 - £99,999	-	-	-	-
£100,000 - £104,999	2	2	-	-
£105,000 - £109,999	-	-	1	1
£110,000 - £114,999	-	-	-	-
£115,000 - £119,999	1	1	1	1
<b>Total</b>	<b>63</b>	<b>63</b>	<b>66</b>	<b>66</b>

Note: This table includes staff included in the individual disclosures.

Exit package cost (including special payments)  In bands of £20,000	Number of compulsory redundancies		Total cost of exit packages in each band	
	2023/24	2024/25	2023/24 £	2024/25 £
0 – 20	1	2	10,786	19,982
20 – 40	-	-	-	-
40 – 60	-	-	-	-
60 – 80	-	-	-	-
80 – 100	-	-	-	-
<b>Total</b>	<b>1</b>	<b>2</b>	<b>10,786</b>	<b>19,982</b>

## 23. Termination Benefits

The authority terminated the contracts of 2 employees in 2024/25, incurring liabilities of £19,982 (1 employee with liability of £10,786 in 2023/24) – see Note 22 for the number of exit packages and total cost per band. These costs are included in the costs within the Council's Comprehensive Income & Expenditure statement.

## 24. External Audit costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections.

2023/24 £'000		2024/25 £'000
165	Fees payable with regard to external audit services carried out by the appointed auditor for the current year	189
44	Fees payable for the certification of grant claims and returns	35
<b>209</b>		<b>224</b>

## 25. Trading Operations

The Council has the following trading operations:

- Markets – the Council operates a street market in St Albans city centre on Wednesdays and Saturdays, with additional market days for Farmers Markets, Continental Markets and Christmas Markets.
- Commercial premises – the Council owns various shops and business premises that are let on a commercial basis.

Trading Operations		2023/24 £'000	2024/25 £'000
Markets	Turnover	(491)	(546)
	Expenditure	430	403
	<b>Deficit</b>	<b>(61)</b>	<b>(143)</b>
Commercial Premises	Turnover	(571)	(532)
	Expenditure	596	615
	<b>Deficit</b>	<b>25</b>	<b>83</b>
<b>Net (Surplus)/Deficit on Trading Operations</b>		<b>(36)</b>	<b>(60)</b>

## 26. Grants and Contributions Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2024/25.

2023/24 £'000	Grant Income	2024/25 £'000
	<b>Credited to Taxation and Non specific grant income</b>	
117	Revenue support grant	125
195	New Homes Bonus	561
1,359	Funding Guarantee Grant	1,468
93	Services Grant	295
4,738	Small Business Rate relief	4,798
58	Coronavirus Grants	-
7,482	Capital grants and contributions	5,714
<b>14,042</b>	<b>Sub-Total</b>	<b>12,961</b>
	<b>Credited to services</b>	
20,688	Rent Allowances & Benefits	19,997
975	Recycling credits	723
312	Benefits Administration Grants	296
186	Contribution to NDR costs	184
-	Council Tax support admin. subsidy	-
226	Reclaimed Benefits	310
1,112	Grounds maintenance contributions	1,253
830	Homelessness Reduction Grant	826
2	Syrian Refugees Grant	-
-	Heritage Lottery and Museum contributions	-
-	Energy Rebate Scheme	-
1,725	Other contributions	2,200
<b>26,056</b>	<b>Sub-Total</b>	<b>25,789</b>
<b>40,098</b>	<b>Total</b>	<b>38,750</b>

The Council has received grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will

require the monies or property to be returned to the giver if the conditions are not met. The balances at the year-end are as follows:

<b>31 March 2024</b>	<b>Capital Grants Received in Advance</b>	<b>31 March 2025</b>
<b>£'000</b>		<b>£'000</b>
841	Section 106	-
40	Disabled Facilities Grants	10
460	Local Authority Housing Grant	-
2,401	Greener Homes Grant	4,984
432	Other	1,217
<b>4,175</b>	<b>Total Grants received in advance</b>	<b>6,212</b>

## **27. Pension Liabilities**

### **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 that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Scheme administered by Hertfordshire County Council. This 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 pension 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 Hertfordshire County Council. Policy is determined in accordance with the Local Government Pension Scheme Regulations 2013. The Pensions Committee has appointed various investment fund managers, and their performance is monitored by an Investment Sub-Committee.

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

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year.

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:

2023/2024 £'000	Transactions Relating to Post Employment Benefits	2024/2025 £'000
	<b>Comprehensive Income and Expenditure Statement</b>	
	<b>Cost of Services:</b>	
3,042	- Current Service Cost	2,847
-	- Past Service Costs (including curtailments)	-
	<b>Financing and Investment Income and Expenditure</b>	
655	Net Interest expense	748
<b>3,697</b>	<b>Total Post Employment Benefit Charged/(Credited) to the Surplus or Deficit on the Provision of Services</b>	<b>3,595</b>
	<b>Other Post Employment Benefit Charged/(Credited) to the Comprehensive Income &amp; Expenditure Statement</b>	
	<b>Remeasurements of the net defined benefit liability comprising:</b>	
6,051	Return on plan assets (excluding the amount included in the net interest expense)	(3,024)
895	Actuarial (gains) and losses arising from changes in demographic assumptions	2,427
6,320	Actuarial (gains) and losses arising from changes in financial assumptions	17,885
(4,589)	Experience (gain) and losses	968
(12,475)	Past service contributions which may give rise to an additional liability	(23,043)
<b>(3,798)</b>	<b>Total Post Employment Benefit Charged/(Credited) to the Comprehensive Income and Expenditure Statement</b>	<b>(4,787)</b>
	<b>Movement in Reserves Statement</b>	
(3,697)	Reversal of net charges made to the Surplus or deficit for the Provision of Services for employment benefits in accordance with the Code	3,595
4,115	Actual amount charged against the General Fund Balance for pensions in the year: Employers' contributions payable to the scheme	4,288
<b>418</b>	<b>Pension costs transferred to/(from) the Pensions Reserve</b>	<b>7,883</b>

Note: The Pensions reserve is part of Unusable Reserves.

### **Pension Assets and Liabilities Recognised in the Balance Sheet**

The following table shows the pension scheme assets, liabilities & net liability.

<b>2023/2024</b>		<b>2024/2025</b>
<b>£'000</b>		<b>£'000</b>
(154,187)	Present Value of the defined benefit obligation	(158,987)
136,483	Fair values of plan assets	137,788
<b>(17,704)</b>	<b>Net liability arising from the defined benefit obligation</b>	<b>(21,199)</b>

#### Reconciliation of the Movements in the Fair Value of Scheme Assets

<b>2023/2024</b>	<b>Pension Scheme Assets</b>	<b>2024/2025</b>
<b>£'000</b>		<b>£'000</b>
125,934	<b>Opening fair value of scheme assets at 1 April</b>	136,483
5,948	Interest income	6,500
	Remeasurement gain/(loss):	-
6,051	Return on plan assets, excluding the amount included in the net interest expense	(3,024)
4,115	Contributions from employer	4,288
946	Contributions from employees into the scheme	979
(6,511)	Benefits paid	(7,438)
<b>136,483</b>	<b>Closing fair value of scheme assets at 31 March</b>	<b>137,788</b>

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

<b>2023/2024</b>	<b>Pension Scheme Liabilities</b>	<b>2024/2025</b>
<b>£'000</b>		<b>£'000</b>
140,258	<b>Opening balance at 1 April</b>	154,187
3,042	Current Service Cost	2,847
-	Past service costs	-
6,603	Interest Cost	6,649
946	Contributions from scheme participants	979
-	Remeasurement (gains)/losses:	-
(6,320)	Actuarial (gains) and losses arising from changes in financial assumptions	(17,885)
(895)	Actuarial (gains) and losses arising from changes in demographic assumptions	(2,427)
4,589	Other experience (gain)/loss	(968)
12,475	Past service contributions which may give rise to an additional liability	23,043
(6,511)	Benefits Paid	(7,438)
<b>154,187</b>	<b>Closing balance at 31 March</b>	<b>158,987</b>

## Local Government Pension Scheme Assets Comprised:

Note: A change of Actuaries has meant the split is not directly comparable.

Asset Type	As at 31 March 2024			Asset type	As at 31 March 2025		
	Fair value of scheme assets				Fair value of scheme assets		
	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000		Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000
Cash and cash equivalents	9,104	-	9,104	Cash/Temporary Investments	2,756	-	2,756
Equity Instruments by industry type							
Consumer	1,732	-	1,732	Equities UK	1,378	-	1,378
Manufacturing	2,133	-	2,133	Equities Overseas	35,824	-	35,824
Energy and utilities	-	-	-				
Financial institutions	1,596	-	1,596				
Health and care	1,196	-	1,196				
Information technology	1,748	-	1,748				
Other	-	-	-				
Debt Securities							
Other	-	3,450	3,450	Corporate Bonds UK	4,134	-	4,134
				Corporate Bonds Overseas	6,889	-	6,889
UK Government	6,060	-	6,060	Fixed Interest Government Securities UK	2,756	-	2,756
				Index Linked Government Securities UK	13,779	-	13,779
				Fixed Interest Government Securities Overseas	1,378	-	1,378
				Index Linked Government Securities Overseas	-	-	-
Private Equity	-	11,994	11,994	Private Equity	-	12,401	12,401
Property				Property	-	19,290	19,290
UK property	-	9,021	9,021				
Overseas property	-	6,343	6,343				
Investment Funds and Unit Trusts				Unit trust	24,802	-	24,802
Equities	53,931	-	53,931				
Bonds	18,985	-	18,985				
Commodities	-	-	-				
Infrastructure	-	222	222				
Other	1,049	8,002	9,051				
				Hedge fund	-	6,889	6,889
				Infrastructure	-	2,756	2,756
				Private Credit	-	1,378	1,378
Derivatives				Derivatives	-	-	-
Foreign exchange	-	(82)	(82)				
				Insurance Linked Strategies	-	1,378	1,378
				Net Current Assets Debtors	-	-	-
				Creditors	-	-	-
	97,534	38,949	136,483	Totals	93,696	44,092	137,788

## 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 Hertfordshire County Council Fund liabilities have been assessed by Barnett Waddingham LLP, an independent firm of actuaries; estimates on the pension fund are based on the latest published triennial valuation of the scheme as at 31 March 2022 (results of the 2025 triennial valuation are yet to be received).

The significant assumptions used by the actuary have been:

31 March 2024	Actuarial Assumptions	31 March 2025
	<b>Mortality assumptions</b>	-
	Longevity at 65 for current pensioners	
22.0 years	Men	21.2 years
24.2 years	Women	24.1 years
	Longevity at 65 for future pensioners	
22.6 years	Men	21.9 years
25.9 years	Women	25.2 years
	<b>Financial assumptions</b>	
2.8%	Pension Increase Rate (CPI)	2.9%
3.3%	Rate of increase in salaries	3.9%
4.8%	Rate for discounting scheme liabilities	5.8%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes whilst 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 unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:



## Impact on the Authority's Cash Flows

Change in assumptions at 31 March 2025	Approximate monetary amount £'000
0.1% decrease in Real Discount Rate	2,091
1 year increase in member life expectancy	2,091
0.1% increase in the Salary Increase Rate	Nil
0.1% increase in the Pension Increase/Revaluation Rate (CPI)	2,094

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £21.2m (2023/24 £17.7m) has substantial impact on the net worth of the Council as recorded in the Balance Sheet. However statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary. For 2024/25 this will amount to £1.4m and 19.7% of paid salaries. Contributions payable by the Council are set by the Fund Actuary at each triennial actuarial valuation (the triennial review relating to this edition of the 2024/25 accounts was the period April 2019 to March 2022). A new triennial valuation will cover the period from April 2022 to March 2025 but can be revised at any other time as instructed to do so by the administering authority.

## Implications of Virgin Media Ltd vs NTL Trustees

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

## 28. Cash Flow Statement – Adjustment for Non-cash Movements

2023/24 £'000		2024/25 £'000
	<b>Non Cash Transactions</b>	
24,715	Depreciation, downward revaluations and impairments	30,172
162	Amortisations	70
(568)	Pension fund adjustments	(693)
1,674	Carrying amount of non-current assets sold	48,005
(2)	(Increase)/decrease in stock	(13)
(4,823)	(Increase)/decrease in debtors	(2,021)
(2,217)	Other non-cash items charged on the provision of services	(100)
(564)	(Decrease)/increase in creditors	15,667
<b>18,377</b>	<b>Total non-cash movements</b>	<b>91,087</b>

## 29. Cash Flow Statement – Adjustments for Financing & Investing Activities

2023/24 £'000		2024/25 £'000
(4,537)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(33,266)
(7,504)	Capital grants credited to the surplus or deficit on the provision of services	(6,082)
<b>(12,041)</b>	<b>Net adjustment</b>	<b>(39,348)</b>

The net cash flow from operating activities for 2024/25 includes interest received of £1,894k (2023/24 £883k) and interest paid of £5,953k (2023/24 £3,987k).

### 30. Cash Flow Statement – Investing Activities

2023/24 £'000		2024/25 £'000
(20,317)	Purchase of property, plant and equipment, investment property and intangible assets	(32,023)
(346,687)	Purchase of short-term investments	(643,346)
(173)	Loans granted	-
4,545	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	33,276
344,780	Proceeds from short-term and long term investments	640,250
8,032	Capital grants received	8,573
<b>(9,820)</b>	<b>Net cash flows from investing activities</b>	<b>6,730</b>

### 31. Cash Flow Statement – Financing Activities

2023/24 £'000		2024/25 £'000
51,800	Cash Receipts of Short-Term and Long-Term Borrowing	30,000
(46,220)	Repayment of Short-Term and Long-Term Borrowing	(60,225)
(4,271)	Council Tax, NNDR & other adjustments	(2,419)
<b>1,308</b>	<b>Total cash flow from financing activities</b>	<b>(32,645)</b>

### Reconciliation of liabilities arising from financing activities

The following table provides more detail on how the cash flows from financing activities reconcile to the balance sheet carrying value of liabilities. It does not include the Council Tax and NNDR adjustments from the table above as these balances can alternate between assets and liabilities depending on the year-end position.

	2024/25				
	1st April 2024 £'000	Loans Repaid £'000	New Loans £'000	Transfer between Short and Long Term Borrowing £'000	31st March 2025 £'000
Long term borrowings	172,841	-	30,000	(31,030)	171,811
Short term borrowings	60,225	(60,225)	-	31,030	31,030
<b>Total liabilities from financing activities</b>	<b>233,066</b>	<b>(60,225)</b>	<b>30,000</b>	<b>-</b>	<b>202,841</b>

	2023/24						31st March 2024 £'000
	1st April 2023 £'000	Opening balance Adjustment £'000	Adjusted 1st April 2023 £'000	Loans Repaid £'000	New Loans £'000	Transfer between Short and Long Term Borrowing £'000	
Long term borrowings	181,398	(132)	181,266	-	51,800	(60,225)	172,841
Short term borrowings	46,013	207	46,220	(46,220)	-	60,225	60,225
<b>Total liabilities from financing activities</b>	<b>227,411</b>	<b>75</b>	<b>227,486</b>	<b>(46,220)</b>	<b>51,800</b>	<b>-</b>	<b>233,066</b>

Note: The 2022/23 opening balance has been restated to correct for a £75k omission.

## 32. Related Parties

The Council discloses 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.

The Council has identified 6 scenarios for there to be a related party relationship:

1. Where the Council appoints representatives to outside bodies (see [stalbans.moderngov.co.uk/mgListOutsideBodies.aspx?bcr=1](http://stalbans.moderngov.co.uk/mgListOutsideBodies.aspx?bcr=1)). Many of these bodies are not considered to be related parties (eg the East of England Local Government Association) and for other candidates (eg Ellenbrook Park Trust), there were no transactions.
2. Charities where the Council is the Trustee (see below).
3. Companies owned by the Council and joint ventures with other councils (see below).
4. Any specific councillor disclosures (see below).
5. Any disclosures made via our employee declarations of interest (see below).
6. Central Government (see below).

In assessing whether a related party relationship might exist, the value of the transaction to both parties is considered. For instance, several instances where the council has rented space for a Polling Station do not, in the Council's opinion, result in creation of a related party relationship.

Transactions in 2024/25 are disclosed below. Expenditure & income is net of VAT. Further details of these transactions can be provided on request.

Organisation	Type	SADC person	24/25 Exp £000	24/25 Inc £000	Bal 31/3/25 £000 Note 1	Comments
Charity of Sarah Duchess of Marlborough	1	Cllr J Taylor	0	6	(6)	See note 2
Citizens Advice St Albans	1	(None for 2024/25)	200	0	17	
Lionel Annesley Dorant for Almshouses	1	Cllr S Howland Cllr J Murray	0	6	(26)	See note 2
St Albans Cycle Hub CIC	1	Cllr R Overall	0	0	15	
St Albans Museums & Galleries Trust	1	Cllr L Cunningham	0	8	8	
West Herts Crematorium Joint Committee	1, 3	Cllr S Cavinder	0	50	(1,500)	See note 3

Notes:

1. Balances: ( ) = Monies owed by the Council; otherwise, monies owed to the Council. Where note 2 applies, includes these balances.
2. The Council collects rents on behalf of these two Charities, acting as their agent. £211k was remitted to the Charity of Sarah Duchess of Marlborough and £142k was remitted to Lionel Annesley Dorant for Almshouses.
3. The Joint Committee received a loan from Dacorum Borough Council to build the new Crematorium in Hemel Hempstead. The St Albans share of this loan is £1.5m.

### **Owned companies and corporate trusteeships**

1. St Albans City and District Estates Limited: this company is being reinstated to the Companies House Register to allow us to recover residual funds from the company's bank account.
2. West Herts Crematorium: the Council has an agreement with five other Hertfordshire authorities for the running of the West Hertfordshire Crematoriums through a Joint Committee. The Agreement provides for deficits to be met by the constituent councils, but in practice the Crematoriums meets its running costs from its own income and builds up reserves where possible to meet future capital improvement costs. The Council's share of the activity is considered to be immaterial and therefore Group Accounts are not prepared. The Council does not control the assets

- and therefore they are not included in the Balance Sheet (Three Rivers District Council employ the crematorium staff and operate the crematoria).
3. The Council is trustee for 4 local charities and provides benefits in kind (eg grass cutting) when appropriate. These are the Clarence Park Recreation Ground Trust (charity number 1047751), the Public Recreation Ground Trust (commonly known as the New England Street Playing Field) (charity number 302456), the Museum of St Albans (charity number 312128), and the Annesley Bequest (charity number 311082).

### **Members and Senior Officers of the Council**

Members and Senior Officers of the Council have direct control over the Council's financial and operating policies. The total Member allowances paid in 2024/25 is shown in note 21. Where grants were given, they were made with proper consideration of the declaration of interests and the relevant Members did not take part in any discussion or decision relating to the grants.

The Register of Members' Interests shows both potential financial and other interests, including involvement with voluntary organisations, public authorities, and various other bodies. It is available on the Council's website (as part of each Councillor's profile).

A number of Members / Staff / their families are Council Tenants or Leaseholders within Council owned blocks. These are managed on standard terms. Some Members and Staff and / or their families receive Housing Benefit and/or Council Tax discounts in accordance with the normal qualifying criteria. We do not disclose amounts in this case; for the situation of any Member, refer to [stalbans.moderngov.co.uk/mgMemberIndex.aspx](http://stalbans.moderngov.co.uk/mgMemberIndex.aspx).

Officers are widely involved in voluntary roles within the community; as with any local organisation, these organisations may qualify for grants and, when needed, seek Council approvals (e.g. planning permission). These organisations may also receive money from the Council (e.g. for Polling Station hire). These are handled in the normal manner by an Officer not involved with the organisation.

### **Central Government**

This has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides substantial funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (eg council tax bills, housing benefits).

### 33. Capital Expenditure and Capital Financing

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

2023/24 £'000	Capital financing Requirement	2024/25 £'000
<b>275,538</b>	<b>Opening Capital Financing Requirement</b>	<b>267,668</b>
	<b>Capital investment</b>	
20,331	Property, Plant and Equipment	29,218
-	Heritage Assets	-
1	Intangible Assets	101
4,465	Revenue Expenditure funded from Capital under Statute	909
<b>24,797</b>		<b>30,228</b>
	<b>Less Sources of Finance</b>	
(6,011)	Capital Receipts	(36,307)
(6,323)	Other Government Grants and other contributions	(4,305)
(1,366)	Disabled Facilities Grant	(1,366)
	Other Government Capital Grants	
-	Heritage Lottery funding for New Museums and Galleries	-
(161)	Leaseholders Recharge	(161)
(9,024)	Major Repairs Reserve	(7,867)
(6)	Revenue contribution to capital	(269)
(7,200)	Voluntary revenue provision HRA	6,000
(2,576)	Minimum revenue provision General Fund	(2,957)
<b>(32,667)</b>		<b>(47,232)</b>
<b>267,668</b>	<b>Closing Capital Financing Requirement</b>	<b>250,664</b>

2023/24 £'000	Explanation of movements in year	2023/24 £'000
(7,870)	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	(17,004)
<b>(7,870)</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>(17,004)</b>

### 34. Borrowing Costs

Since 2019/20 the Council has adopted an accounting policy to capitalise borrowing costs for qualifying assets. Prior to 2019/20 all borrowing costs had been charged to the financing and investment income and expenditure line in the comprehensive income and expenditure statement in the financial year in which they were incurred. Since 2019/20 the approach is to capitalise borrowing

costs for qualifying assets and is set out in the council's accounting policies (see Notes to the Accounts 1.20).

The Council has capitalised borrowing costs of £1.2m during the financial period 2024/25 (£2.0m 2023/24). The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation for the 2024/25 financial period, calculated using the weighted average interest rate on the Council's loan payments, was 3.20% (3.34% in 2023/24) for General Fund borrowing. A qualifying asset will be that which takes more than 18 months to get ready for intended use and has forecast spend of at least £100,000.

## **35. Leases**

### **Change in Accounting Policy and Transition to IFRS 16 Lease Accounting**

In 2024/25, the Council applied IFRS 16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e., without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought into the balance sheet at 1 April 2024. Leases for items of low value and lease that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- Lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the Council's incremental borrowing rate at that date.
- The weighted average of the incremental borrowing rates used to discount liabilities was 5.16%.
- Right-of-use assets are measured at the amount for the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded.
- All leases were assessed as to whether they were onerous at 31 March 2024, and it was determined that there were none.

This has resulted in the following additions to the balance sheet:

- £236k Long term assets (Right-of-use assets)
- £156k Long term liabilities (lease liabilities)
- £80k Current liabilities (lease liabilities)



The newly recognised lease liabilities of £236k compare with the operating lease commitments of £333k at 31 March 2024. When these are discounted to their present value of £236k (using the incremental borrowing rate at 1 April 2024), there is a difference of £97k from the newly recognised lease liabilities. This is explained by the fact that the lease liabilities exclude amounts for leases of low value items and leases that expires before 31 March 2025.

## Council as a Lessee

### Right of Use Assets

#### Movement of Right-of-use assets

This table shows the change in the value of the right-of-use assets held under lease by the Council:

<b>Movement of Right-of-use assets</b>	<b>Vehicles, Furniture &amp; Equipment £'000</b>	<b>Total £'000</b>
<b>Balance at 1 April 2024</b>	236	236
Additions	35	35
Depreciation	(91)	(91)
<b>Balance at 31 March 2025</b>	180	180

#### Transactions under leases

The Council incurred the following expenses and cash flows in relation to leases:

	<b>2024/25 £'000</b>
<b>Comprehensive income and expenditure statement</b>	
Interest expense on lease liabilities	11
<b>Cash flow statement</b>	
Total cash outflows for leases	100

## Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

	2024/25 £'000
<b>Maturity analysis of lease liabilities</b>	
Not later than one year	93
Later than one year and not later than five years	98
<b>Total undiscounted liabilities</b>	191

## Council as a Lessor

The Council leases out property and equipment under operating leases for the following purposes:

- For the provision of community services such as sports facilities, tourism services and community centres
- For economic development purposes to provide suitable affordable accommodation for local businesses

The future minimum lease payment receivable under non-cancellable lease in future years are:

2023/24 £'000		2024/25 £'000
1,460	Not later than one year	1,628
4,789	Later than one year and not later than five years	4,702
9,000	Later than five years	6,699
<b>15,249</b>		<b>13,029</b>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

## 36. Contingent Liabilities and Assets

In 1992, Municipal Mutual Insurance (MMI), one of our insurers at the time, stopped accepting new business. MMI and its policy holders, including local authorities, as members of the mutual have organised how the company can be closed if necessary. How much MMI owes to insurers cannot be worked out until all current and future claims have been settled. MMI may not have enough money to pay its debts in the future. If that is the case, MMI can claim back from its major policy holders as members of the mutual, including the Council, part of the claims paid from 1 October 1993. The balance of un-provided claims MMI could ask for as of 31 March 2025 is £0.5m (31 March 2024 £0.50m).

A company that previously carried out contractual work on the Council's housing stock went into liquidation and the liquidator has demanded payment of outstanding unpaid invoices issued by the company. The Council is challenging the claim on the basis that the work has either not been completed or not completed to a satisfactory standard.

The administrators of a second contractor that entered liquidation prior to the completion of a housing construction contract have requested payment of a retention sum held by the Council under the terms of that contract. The Council is disputing the claim and is preparing a counterclaim relating to costs incurred in remedying construction defects attributed to the contractor's incomplete or defective work.

The Council has received a claim from the operator of one of its theatre facilities as a result of the closure of the facility by the Council in connection with an asbestos contamination incident; this is being dealt with by the Council's Solicitors. The Council has submitted a counter claim to the leisure services operator for dilapidation costs following the ending of the leisure contract in 2022.

The Council made a claim against a legal provider for pension related costs incurred by the Council following the receipt of advice given in respect of an employment matter.

### **37. Nature and Extent of Risks Arising from Financial Instruments**

The Council's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a Central Treasury Team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

## Credit Risk

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

The Council regards a prime objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in the Treasury Management Practices adopted by the Council. It also maintains a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £5m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all the Council's deposits, but there was no evidence on 31 March 2025 that this was likely to crystallise.

Customers for goods and services are assessed, taking into account their financial position, past experience, and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Council generally allows its debtors 14 days credit. Of the £3,232k (2023/24: £3,094k) outstanding from debtors, £1,987k (2023/24: £2,300k) is past due and this is analysed by age as follows:

<b>31 March 2024 £'000</b>	<b>Trade Debtors Ageing</b>	<b>31 March 2025 £'000</b>
794	Debtors not yet due	1,245
339	Less than 3 months overdue	291
128	3 to 6 months overdue	224
147	7 months to 1 year overdue	172
1,686	More than 1 year overdue	1,300
<b>3,094</b>		<b>3,232</b>

## Amounts arising from expected credit losses

The following table shows the movement in the impairment loss allowance from 1st April 2024 to 31st March 2025.

<b>Loss allowance by Asset Class 2024/25</b>	
Asset Class (amortised cost): <b>Trade Debtors</b>	Lifetime expected credit losses – simplified approach (for Trade Debtors only) £'000
<b>Opening balance as at 1 April 2024</b>	<b>461</b>
New financial assets originated or purchased	-
Amounts written off	37
Financial assets that have been derecognised (Repayment of debtors provided for in general & specific provision)	(163)
Changes due to modifications that did not result in derecognition (New Debtors)	-
Changes in models/risk parameters	6
Other changes	-
<b>As at 31 March 2025</b>	<b>341</b>

<b>Loss allowance by Asset Class 2023/24</b>	
Asset Class (amortised cost): <b>Trade Debtors</b>	Lifetime expected credit losses – simplified approach (for Trade Debtors only) £'000
<b>Opening balance as at 1 April 2023</b>	<b>316</b>
New financial assets originated or purchased	-
Amounts written off	-
Financial assets that have been derecognised (Repayment of debtors provided for in general & specific provision)	114
Changes due to modifications that did not result in derecognition (New Debtors)	9
Changes in models/risk parameters	22
Other changes	-
<b>As at 31 March 2024</b>	<b>461</b>

If collection rates were to deteriorate an increase in the impairment of doubtful debts would be required. To provide in full for overdue trade debtors over two months old would require an additional £0.35m (2023/24: additional £0.57m) to be set aside as an allowance.

## Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loans Board.

The Council borrowed £189.6m in 2011/12 in order to provide the funds to pay for the Housing Self Financing debt, and existing Housing debt, taking the total housing debt to £191.1m. Housing Self Financing was the system for financing council housing introduced in April 2012 that replaced the Housing Revenue Account subsidy system. In order to take account of low interest rates and favourable terms, all borrowings were taken at fixed interest rates. The total HRA borrowing as at 31 March 2025 was £145.2m (£121.4m loans over 12 months and £23.8m loans 12 months and under).

During 2024/25 the Council borrowed £8.8m for the General Fund capital programme from PWLB. The Council borrowed a further £7m for the Housing Revenue Account also from PWLB. The loan terms varied to either match forecast capital receipts or spread repayment dates over a number of years.

There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities is as follows:

31 March 2024 £'000	Maturity Analysis of Financial Liabilities	31 March 2025 £'000
60,225	Less than one year	31,030
30,800	Between one and two years	53,000
64,500	Between two and five years	60,500
39,415	Between five and ten years	21,916
1,500	Between ten and fifteen years	-
-	Between fifteen and twenty years	-
36,626	Greater than twenty years	36,396
<b>233,066</b>		<b>202,842</b>

All trade and other payables are due to be paid in less than one year. Liabilities have not been discounted for net present value.

## Market Risk > Interest Rate Risk

The Council has several strategies for managing market risk, including interest rate risk. These include investing only with institutions having a high credit rating, limiting the amount of investment with any one institution, and limiting investment periods to less than one year.

The average interest rate earned on investments during the year was 4.86% and if interest rates throughout the year had been 0.5% higher this would have increased the amount of interest earned by £156k.

As mentioned above, all debt is at fixed interest rates ranging from 1.22% to 5.36%, with a weighted average of 3.25%.

The Council does not invest in quoted companies, and it has no assets or liabilities in foreign currencies. Therefore, the Council has no exposure arising from movements in share prices or exchange rates.

## Housing Revenue Account

### HRA Income and Expenditure Statement

The Housing Revenue Account (HRA) Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted practices, rather than the amount to be funded from rents and government grants.

2023/2024	Housing Revenue Account Income and Expenditure Statement	2024/2025
£'000		£'000
	<b>Expenditure</b>	
9,656	Repairs and Maintenance	6,806
8,198	Supervision and Management	9,109
156	Rents, Rates, Taxes and other charges	369
15,042	Depreciation and impairment of non-current assets	21,281
(2,127)	Revaluation gains reversing prior year losses charged to the HRA	(2,728)
37	Debt Management costs	34
(260)	Movement in the allowance for bad debts	(44)
262	HRA services' share of Corporate and Democratic Core	184
<b>30,964</b>	<b>Total Expenditure</b>	<b>35,011</b>
	<b>Income</b>	
(30,859)	Dwelling rents	(34,173)
(1,123)	Dwelling rents	(1,199)
(1,018)	Charges for services and facilities	(860)
<b>(33,000)</b>	<b>Total Income</b>	<b>(36,232)</b>
<b>(2,036)</b>	<b>Net (Income)/Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement</b>	<b>(1,221)</b>
<b>(2,036)</b>	<b>Net (Income)/Cost of HRA Services</b>	<b>(1,221)</b>
	<b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement</b>	
(1,529)	Gain on sale of HRA non-current assets	(1,787)
(481)	Write-off of replaced asset components	-
4,068	Interest payable and similar charges	4,622
(152)	Interest and investment income	(201)
104	Net interest on the net defined benefit liability	119
(682)	Capital grants, contributions and other receipts	(4,670)
<b>(708)</b>	<b>(Surplus)/Deficit for the year on HRA services</b>	<b>(3,138)</b>



## Movement in the Housing Revenue Account

The HRA Income and Expenditure Account shows 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:

- The gain or loss on the disposal of HRA assets has to be reversed; and
- Any impairment on HRA dwellings, 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 difference between the outturn on the Income and Expenditure Account and the Housing Revenue Account Balance.

2023/2024 £'000	Movement on the Housing Revenue Account Statement	2024/2025 £'000
(3,541)	Balance on the HRA at the end of the previous year	(4,247)
4	Rounding adjustment from prior year	
(708)	(Surplus)/Deficit for the year on the HRA Income and Expenditure Statement	(3,138)
	<b>Adjustments between accounting basis and funding basis under statute</b>	
(4,457)	Transfer (from)/to the Capital Adjustment Account for the impairment of dwellings	(7,829)
7,200	Transfer to the Capital Adjustment Account for debt repayment provision*	(6,000)
(4,200)	Loan repayment funded by MRR	-
(4,054)	Transfer from the Capital Adjustment Account for Revenue expenditure funded from capital under statute	(778)
-	Contribution from the Capital Receipts Reserve towards the administrative costs of non-current asset disposals	-
-	Revenue contribution to capital	-
1,721	Gain on sale of HRA non-current assets	1,860
481	Write-off of replaced asset components	-
356	Capital grants and Contributions	4,508
-	Other Capital Receipts	-
66	HRA share of contributions to or from the Pensions Reserve	110
(3,595)	<b>Net (increase)/decrease before transfers to or from reserves</b>	<b>(11,267)</b>
2,885	<b>Transfers to/(from) reserves</b>	<b>6,085</b>
(710)	<b>(Increase)/decrease in year on the HRA</b>	<b>(5,182)</b>
(4,247)	<b>Balance on the HRA at the end of the current year</b>	<b>(9,429)</b>

\* The 23/24 amount comprises £3m relating to 22/23 and £4.2m relating to 23/24

## Notes to the Housing Revenue Account

### H1. Analysis and Value of the Housing Stock

#### a) Number and Types of Dwelling in the Housing Stock

The Council was responsible for managing 4,882 dwellings on 31 March 2025:

31 March 2024	Number of Dwellings by Type	31 March 2025
	One bedroom dwellings	
326	- Houses and Bungalows	326
1,077	- Flats	1,080
	Two bedroom dwellings	
499	- Houses and Bungalows	498
918	- Flats	917
	Three bedroom dwellings	
1,876	- Houses and Bungalows	1,876
31	- Flats	32
	Four or more bedroom dwellings	
92	- Houses and Bungalows	93
80	Multi-occupied dwellings	60
<b>4,899</b>		<b>4,882</b>

On 31 March 2025 2.27% (2024: 0.92%) of lettable properties were vacant.  
The change in stock can be summarised as follows:

2023/24	Dwelling Stock Reconciliation	2024/25
4,893	Stock at 1 April	4,899
-	Disposed, demolished, purchased in prior years	(20)
(6)	Less: Right to buy sales	(8)
(4)	Less: Market sales	(5)
3	Purchases	4
4	Newly constructed	12
9	Reclassified, disposed, demolished	-
<b>4,899</b>	Stock at 31 March	<b>4,882</b>

#### Balance Sheet Value

HRA dwellings are valued using the Beacon basis whereby all properties are linked to a set of 'beacon' properties and valued in line with the change in

average value of the 'beacons'. Beacon properties were revalued 31 March 2025. The valuation is at 'Existing Use Value – Social Housing', which reduces values by a factor to reflect social housing tenancies. The factors for surrounding regions are set by central government each year, and 35% for 2024/25 (35% in 2023/24) has been deemed by a Registered Valuer and Local Property Expert as appropriate for St Albans.

<b>31 March 2024</b>	<b>Housing land, dwellings and other property</b>	<b>31 March 2025</b>
<b>£'000</b>		<b>£'000</b>
647,392	Dwellings	687,980
8,312	Other land and buildings	7,725
11,278	Garages	8,557
4,283	HRA shops	4,270
-	Vehicles, Plant and Equipment	-
5,574	Assets under construction	5,681
<b>676,839</b>	<b>Total property plant and equipment</b>	<b>714,213</b>
3,523	Assets Held for Sale	1,294
<b>680,362</b>	<b>Total land, dwellings and other property</b>	<b>715,507</b>

### **Vacant Possession Value**

The Vacant Possession Value is the Council's estimate of the total sum that it would receive if all dwellings were sold on the open market, whereas the Balance Sheet Value is calculated on the basis of rents receivable on existing tenancies. Rents receivable are less than the rent that would be obtainable on the open market and therefore the Balance Sheet Value is lower than the Vacant Possession Valuation. The difference between the two values shows the economic cost of providing housing at less than market value.

<b>At 31 March 2024</b>	<b>Vacant Possession Value</b>	<b>At 31 March 2025</b>
<b>£'000</b>		<b>£'000</b>
<b>1,859,365</b>	<b>HRA Dwellings</b>	<b>1,969,353</b>

## H2. Major Repairs Reserve

Authorities are required by the Accounts and Audit (England) Regulation 2011 to maintain the Major Repairs Reserve (MRR), which controls an element of the capital resources required to be used on HRA assets or for capital financing purposes. The movement in the reserve was as follows:

<b>2023/24 £'000</b>	<b>Major Repairs Reserve</b>	<b>2023/24 £'000</b>
<b>(6,022)</b>	<b>Opening Balance 1 April</b>	<b>(1,217)</b>
	Transfer to Reserve in year	
(7,782)	Depreciation Dwellings	(8,498)
(654)	Depreciation Non-Dwellings	(286)
(1)	Impairment of Non-Dwellings	-
<b>(8,437)</b>	<b>Sub-total</b>	<b>(8,784)</b>
9,023	Used to fund capital expenditure in year	7,866
4,219	Used to fund loan repayment in year	-
<b>(1,217)</b>	<b>Closing Balance at 31 March</b>	<b>(2,135)</b>

## H3. Capital Expenditure

a) HRA Capital Expenditure consists mainly of expenditure on the improvement of Council dwellings as shown in the following table:

<b>2023/24 £'000</b>	<b>Categories of Capital Expenditure</b>	<b>2024/25 £'000</b>
526	Kitchens and bathrooms	732
1,117	External walls and roofing	642
803	Windows and doors	176
1,472	Heating, wiring and plumbing	1,607
1,615	Others	1,553
1,883	Property Purchases	613
<b>7,416</b>	<b>Council Dwellings Additions</b>	<b>5,323</b>
633	Other land and buildings	154
4,061	Social Housing Development	6,559
869	Disabled Adaptations	975
2,777	Social Housing Decarbonisation	6,109
4,890	Other capital expenditure	778
<b>20,646</b>	<b>Total Capital Expenditure</b>	<b>19,898</b>

b) This was financed as follows:

<b>2023/24</b>	<b>Financing of Capital Expenditure</b>	<b>2024/25</b>
<b>£'000</b>		<b>£'000</b>
9,125	Major Repairs Reserve	10,001
4,759	Capital Receipts Reserve	6,559
4,798	Grants and contributions	2,232
1,964	Borrowing	1,106
-	Revenue Contribution to Capital	-
<b>20,646</b>	<b>Total Capital Funding</b>	<b>19,898</b>

The Council has capital contract commitments as at 31 March 2025 of £1.1m (2023/24: £5.6m) relating to Housing Investment Programme schemes (the Housing capital programme).

#### H4. Capital Receipts

The number of Council property sales was 13 (2023/24: 10). The following table is a summary of the capital receipts from disposals of land, houses and other property within the Council's HRA during the financial year.

<b>2023/24</b>	<b>Capital Receipts</b>	<b>2024/25</b>
<b>£'000</b>		<b>£'000</b>
1,360	Dwelling sales (subject to pooling)	2,474
1,765	Non-poolable receipts	1,459
<b>3,125</b>	<b>Gross capital receipts</b>	<b>3,933</b>
-	Less Costs	-
	<b>Payable to National Pool</b>	
-	For current year	-
<b>3,125</b>	<b>Retained Capital Receipts</b>	<b>3,933</b>

#### H5. Depreciation

For Council dwellings land and buildings are split on a 33:67 basis. Land is not depreciated. Depreciation is on a straight-line basis over the following periods:

Structure: 100 years	Roof: 70 years
Windows: 30 years	Internal Components: 15-40 years

2023/24 £'000	Depreciation	2023/24 £'000
7,738	Dwellings	8,437
64	Multi Occupancy Properties	61
1	Equipment, Vehicles and Intangibles	-
654	Garages	286
<b>8,457</b>	<b>Total Depreciation Charged to the HRA</b>	<b>8,784</b>

## H6. Pension Costs

The following table shows the charges to the HRA, in accordance with IAS 19, to give the 'Net Charge to the HRA' required by the Code. The adjustment in the 'Movement in HRA Reserve Statement' is shown to arrive at the amount charged against the HRA balance as required by statute, which is the employer's contributions actually paid into the scheme.

Full details of the pension costs for the whole Council are included within Note 27 to the Core Financial Statements.

2023/24 £'000	Pension Costs	2024/25 £'000
	<b>Net Cost of Services:</b>	
652	- Current Service Cost	680
	<b>Net Operating Expenditure:</b>	
104	- Net Interest expense	119
<b>756</b>	<b>Net charge to the HRA</b>	<b>799</b>
	Amounts to be met from Government Grants and Local taxation:	
66	- Movement on pensions reserve	110
<b>822</b>	<b>Actual amount charged against Council tax for pensions in the year: Employer's contributions payable to the scheme</b>	<b>909</b>

## H7. Rent Arrears and Bad Debts

### a) Arrears – amounts outstanding from Council Tenants

<b>2023/24</b>	<b>Council Tenant Rent Arrears</b>	<b>2024/25</b>
<b>£'000</b>		<b>£'000</b>
1,010	Arrears at 31 March	723
3.3%	Rent arrears as a percentage of gross rent income	2.2%

### b) Bad Debts – provision for non-payment of rents

<b>2023/24</b>	<b>Bad Debt Provision</b>	<b>2024/25</b>
<b>£'000</b>	Includes HRA non-dwelling rent arrears	<b>£'000</b>
1,021	Bad debts provision at 1 April	686
(67)	Debts written off in the year	(118)
(268)	Increase/(decrease) in provision	(75)
<b>686</b>	<b>Bad debt provision at 31 March</b>	<b>493</b>

## H8. Rent Rebates

Assistance with rents for those on low incomes is available under the Housing Benefits Scheme. In 2024/25 22.5% (2023/24: 28.5%) of the Council's rents receivable were by way of benefits. Rent rebates are chargeable to the General Fund and reclaimed from Central Government by way of a Housing Benefit grant.

## Collection Fund Statement

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the Council in relation to the collection from taxpayers and distribution to local authorities and the Government of the Council Tax and Business Rates.

2023/24 (£'000)			Collection Fund Income and Expenditure Account					2024/25 (£'000)					
Business Rates	Council Tax	Total						Business Rates	Council Tax	Total			
-	(135,402)	(135,402)	Income	Council tax receivable					C1	-	(143,367)	(143,367)	
-	(167)	(167)		Transfer for Transitional Relief, S13A(1)(C) Reliefs						-	(75)	(75)	
(49,748)	-	(49,748)		Business rates receivable					C2	(62,009)	-	(62,009)	
(9,882)	-	(9,882)		Less Transitional payment protection payable						(2,984)	-	(2,984)	
(59,630)	(135,569)	(195,199)	Total Income						(64,993)	(143,442)	(208,435)		
6,467	102,300	108,767	Expenditure	Precepts, Demands and shares:	Hertfordshire County Council						6,415	107,914	114,329
-	15,164	15,164			Police and Crime Commissioner for Hertfordshire						-	16,068	16,068
25,866	15,951	41,817			St Albans District Council (including Parishes)						25,659	16,759	42,418
32,333	-	32,333		Charges to Collection Fund	Central Government						32,073	-	32,073
186	-	186			Costs of collection						184	-	184
(36)	-	(36)			Write-offs of uncollectable amounts						(97)	-	(97)
622	470	1,092			Allowance for impairment						805	514	1,319
(7,206)	-	(7,206)			Provision for appeals						240	-	240
211	-	211			Enterprise Zone						372	-	372
2,167	3,607	5,774			Contributions towards previous year's estimated Collection Fund surplus/(deficit)					C3	(4,124)	294	(3,830)
60,610	137,492	198,102	Total Expenditure						61,527	141,549	203,076		
980	1,923	2,903	Movement on Fund balance						(3,466)	(1,893)	(5,359)		
6,140	(4,079)	2,062	Balance at 1 April brought forward						7,120	(2,156)	4,964		
			Adjustment to deficit 2023/24						509	-	509		
7,120	(2,156)	4,965	Balance at 31 March carried forward						4,163	(4,049)	114		
712	(1,653)	(941)	Shares of balance	Hertfordshire County Council						416	(3,105)	(2,689)	
-	(246)	(246)		Police and Crime Commissioner for Hertfordshire						-	(462)	(462)	
2,848	(257)	2,591		St Albans District Council (included in reserves)						1,665	(482)	1,183	
3,560	-	3,560		Central Government						2,082	-	2,082	
7,120	(2,156)	4,964		Total carried forward						4,163	(4,049)	114	



## C1. Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands.

The amount of Council Tax is estimated by calculating the amount of income required to be taken from the Collection Fund by the precepting authorities (Hertfordshire County Council, the Police and Crime Commissioner for Hertfordshire, Parish Councils, and the Council) for the forthcoming year to meet their service requirements. Individual charges are calculated by dividing this total by the Council Tax base (the total number of properties in each band adjusted by a ratio to convert the number to a band D equivalent and adjusted for discounts).

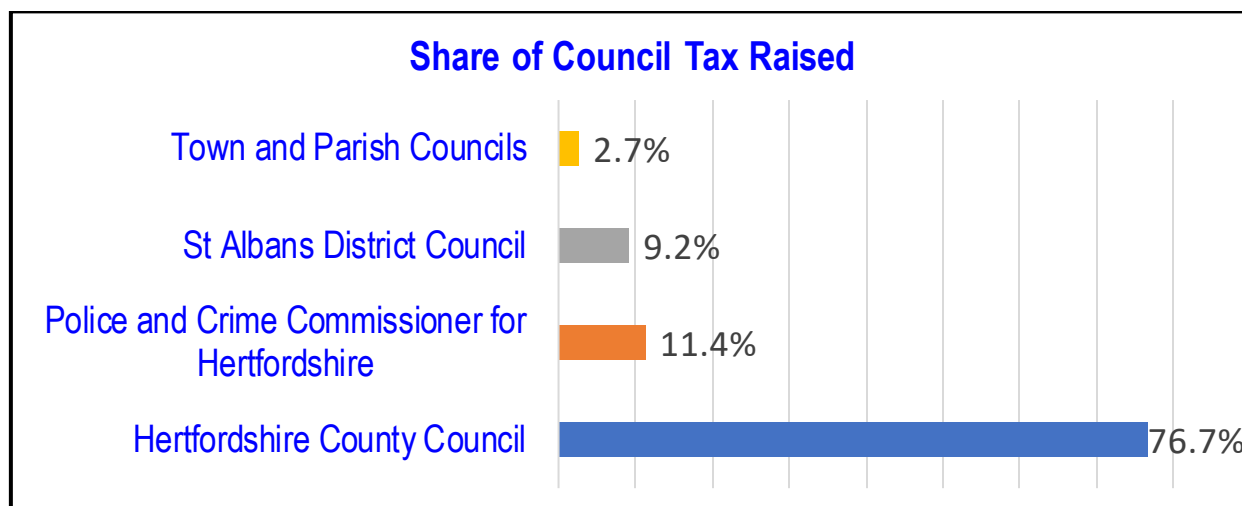
Taxes for other bands are derived by applying the ratios in the following table to the band D tax.

Band	Property Value	Number of dwellings	Ratios	Band D equivalents
A	up to £40,000	570	0.67	382
B	between £40,001 and £52,000	1,898	0.78	1,480
C	between £52,001 and £68,000	7,409	0.89	6,594
D	between £68,001 and £88,000	13,769	1.00	13,769
E	between £88,001 and £120,000	11,845	1.22	14,451
F	between £120,001 and £160,000	8,817	1.44	12,697
G	between £160,001 and £320,000	7,767	1.67	12,971
H	over £320,000	1,323	2.00	2,645
		53,398		64,990
	Less adjustment for non-collection (1.5%)			(975)
	<b>Council Tax Base for 2024/25</b>			64,015
	Council Tax Base for 2023/24			63,714

Council Tax Levy at Band D by Precepting Council:

2023/24	Council Tax Levy at Band D	2024/25
£1,605.63	- Hertfordshire County Council	£1,685.75
£238.00	- Police and Crime Commissioner for Hertfordshire	£251.00
£196.10	- St Albans District Council	£201.96
£54.26	- Town and Parish Councils	£59.84
<b>£2,093.99</b>	<b>Average Council tax Levy at Band D</b>	<b>£2,198.55</b>

The following graph shows how the council tax collected is distributed between the various precepting bodies with Hertfordshire County Council receiving over three quarters of the total.



## C2. Income from Business Rates

The Council collects business rates for its area based on rateable values (as determined by the Valuation Office Agency) and multipliers set by central government.

This following table shows information required to be disclosed relating to Business Rates:

2023/24	Business Rate Factors	2024/25
171,960,105	Rateable value at 31 March as notified by the Valuation Office Agency	170,949,867
51.2	Business Rate multiplier	54.6
49.9	Small business rate multiplier	49.9

## C3. Contributions to Previous Year's Estimated Surpluses and Deficits

The following table shows the distribution of the prior year's estimated surplus.

2023/24			Precepting Authorities	2024/25		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
£'000	£'000	£'000		£'000	£'000	£'000
217	2,765	2,982	Hertfordshire County Council	(412)	225	(187)
-	406	406	Police and Crime Commissioner for Hertfordshire	-	34	34
867	436	1,303	St Albans District Council	(1,650)	35	(1,615)
1,083	-	1,083	Central Government	(2,062)	-	(2,062)
<b>2,167</b>	<b>3,607</b>	<b>5,774</b>	<b>Total surplus/(deficit)</b>	<b>(4,124)</b>	<b>294</b>	<b>(3,830)</b>

The surplus/deficit arising on the Collection Fund will be distributed/recovered in accordance with legislation.



# **St Albans City and District Council**

## **Annual Governance Statement**

**2024-25**

**July 2025**

## **1. Scope of Responsibility**

- 1.1 St Albans City and District Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council 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 discharging this duty, the Council is responsible for putting in place proper governance of its affairs, the effective exercise of its functions, which includes arrangements for managing risk.
- 1.3 The Annual Governance Statement (AGS) describes the extent to which the Council has, for the year ended 31 March 2025, complied with its corporate code of governance and the requirements of the Accounts and Audit Regulations 2015, regulation 6(1). It also describes how the effectiveness of the governance arrangements has been monitored and evaluated during the year and sets out any changes planned for 2025/26.
- 1.4 The AGS has been prepared in accordance with guidance produced in 2016 by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) – The ‘Delivering Good Governance in Local Government Framework’. It embraces the elements of internal control required by the ‘Code of Practice on Local Authority Accounting in the United Kingdom’. Also supporting the AGS is the Council’s Code of Corporate Governance, which too is consistent with the principles of the SOLACE framework.

## **2. The Purpose of the Governance Framework**

- 2.1 The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled. This includes the activities through which it engages with, leads and accounts to its communities. It enables the Council to monitor the achievement of its strategic objectives if appropriate, cost-effective services and activities in line with its policy and budget framework.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage the Council’s risks to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and corporate objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is a process designed to identify and prioritise the risks to the achievement of the Council’s policies and priorities. It evaluates the likelihood of those risks being realised, and the impact should they be realised, and to manage them economically, efficiently and effectively.
- 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 Code of Governance recognises that effective governance is achieved through the following seven CIPFA/SOLACE principles:

- (i) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- (ii) Ensuring openness and comprehensive stakeholder engagement.
- (iii) Defining outcomes in terms of sustainable economic, social and environmental benefits.
- (iv) Determining the interventions necessary to optimise the achievement of intended outcomes.
- (v) Developing the Council's capacity, including the capability of its leadership and the individuals within it.
- (vi) Managing risks and performance through robust internal control and strong public financial management.
- (vii) Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

2.5 The governance framework has been in place at the Council for the year ended 31 March 2025.

### 3. The Governance Framework

3.1 Key features of the Council's governance framework during 2024/25 included:

- i. **The Council Plan** – identifies and communicates the Council's vision, objectives and priorities.
- ii. **The Corporate Risk Register** – reflects the objectives of the Corporate Plan and identifies the implications for the Council's governance arrangements.
- iii. **The Constitution** – sets out the Council's decision-making framework and is regularly updated.
  - gives a clear definition of the roles and responsibilities of councillors, committees, and the statutory officers (Head of Paid Service, Section 151 Officer and Monitoring Officer);
  - includes a scheme of delegation of responsibility, financial regulations and contract standing orders; and
  - defines codes of conduct for Councillors and officers, and a protocol for how the two work together;
  - the Council Procedure Rules, Committee Procedure Rules and Access to Information Procedure Rules have been revised to be in Plain English and therefore easier to understand;
  - the format of the Constitution has been altered so that it is more accessible for the public;
  - updates to reflect new legislation have been made to the Contract Procedure Rules.
- iv. **Council** – is the ultimate decision-making body for all matters other than those delegated to the Planning, Licensing and Standards Committees, and operational decision making to specific officers.

- v. Service and Scrutiny Committees** – (Strategy and Resources Committee, Planning Policy and Climate Committee, Public Realm Committee, and Housing & Inclusion Committee) are responsible for all decisions within their areas of responsibility, which are not otherwise delegated, or which can only be taken by Council. The committees also perform scrutiny on areas within the respective remits where appropriate.
- vi. Audit and Governance Committee** – this and the Standards Committee are Regulatory Committees. The Audit and Governance Committee reviews the effectiveness of the internal control, risk and governance environment, receives reports from the Internal and External Auditors and approves the Council's statutory accounts and the Annual Governance Statement. The Committee has an independent Chair.
- vii. Standards Committee** – promotes high standards of conduct and has responsibility for overseeing investigations of complaints against Councillors.
- viii. Regulatory Committees** – ensure compliance to regulations:
- Licensing and Regulatory Committee
  - Licensing Sub Committee
  - Planning (Development Management) Committee
- ix. City Neighbourhoods Committee** – advances the localism agenda and encourages local groups to take a greater role in relation to the strategic oversight or management of assets. The councillor representation is drawn from the unparished wards in the City Centre. As these wards have no parish council, the City Neighbourhoods Committee considers matters which might otherwise normally fall within the remit of a parish council.
- x. The Chief Executive** – (Head of Paid Service) as part of the Senior Leadership Team has delegated authority to take operational decisions within policies and budgets set by Council.
- xi. The Section 151 Officer** – during the year this role was passed from the outgoing Strategic Director of Customer, Business and Corporate Services to the Assistant Director Finance as approved by Council. The Section 151 Officer leads the finance service as part of a wider directorate that promotes effective financial management so that public money is safeguarded and used economically, efficiently and effectively.
- xii. The Monitoring Officer** is responsible for maintaining and advising on the Constitution. This officer ensures that the Council's decision-making is lawful and fair and supports the promotion of high ethical standards and compliance with the Codes of Conduct.
- xiii. Senior Leadership Team (SLT)** comprises the Chief Executive and the two Strategic Directors and is responsible for the day-to-day management of the Council. The Senior Leadership Team is supported by the Monitoring Officer and the Section 151 Officer.
- xiv. Corporate Property Board** introduced in 2023/24 to facilitate closer review of the capital programme delivery and the property asset portfolio. The Board

comprises Senior Leadership Team Members, the Assistant Director (Built Environment), relevant project managers and lead councillors. The Board does not have constitutional decision-making powers; these remain with the relevant service committee.

- xv. Risk Management** – a Corporate Risk Strategy overseen by the Senior Leadership Team and Audit and Governance Committee. Risk registers (corporate and operational) are reviewed and updated throughout the year.
- xvi. Standard committee report format** – that includes specific consideration of all legal and constitutional, resource, professional, technical, environmental and sustainability, risk management, equality and diversity and health and wellbeing implications.
- xvii. Medium Term Financial Strategy** – which informs service planning and budget setting.
- xviii. A complaints procedure** – the Council's complaints policy is readily accessible on the Council's website
- xix. Internal Audit** - a risk-based approach to internal audit, emphasising the need for sound control, governance and risk management arrangements. Internal Audit is a shared service hosted by Broxbourne Borough Council and includes Harlow and Epping Forest District Councils.
- xx. Whistle blowing policy and process** – sits alongside the anti-fraud, bribery and corruption strategy (last updated September 2024) outlining the Council's zero tolerance approach to fraud, bribery and corruption. The whistleblowing policy was reviewed and updated in September 2024 and disseminated to all staff.

#### **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 the various sources noted below as well as the work of officers within the Council who have responsibility for the development and maintenance of the governance environment:

- Councillors carry out scrutiny at Service & Scrutiny Committee meetings alongside their decision-making role. The scrutiny function is carried out by submitting questions and Councillors' Items, which can include raising the profile of an issue or holding officers and Lead Councillors to account. This is set out in the Scrutiny Procedure Rules. It is also undertaken via questioning and debate during meetings.
- Annual reporting to Council on the work of the Audit and Governance Committee. Full Council approved on 16 October 2024 minor amendments to the Committee's Terms of Reference regarding the receiving of Annual Reports on Regulation of Investigatory Powers Act 2000 (RIPA) and Complaints, Compliments and Data Requests;
- Assurance checklists from managers and assurance statements from the Strategic Directors and Chief Executive provide evidence that the key

elements of the system of governance, risk management and internal control are operating effectively;

- The work of Internal Audit including the Annual Report of the Head of Internal Audit (HIA's) which provides assurance in this regard is overseen by the Audit and Governance Committee. For 2024/25 the HIA's overall opinion was that the Council had, overall, in place adequate and effective governance, risk management arrangements and control processes. Where there have been significant issues these have been accepted by Management and promptly corrected.
- The work of the Council's external auditor – including the annual Audit Results Report and other reports in relation to financial and other aspects of the Council's governance. At its 22 January 2025 meeting the Audit and Governance Committee approved the Statement of Accounts for 2020/21, 2021/22 and 2022/23 subject to any minor amendments agreed with the Chair of the Audit & Governance Committee and the Assistant Director, Finance (Section 151 Officer). At its 20 March 2025 meeting the Committee approved the 2023/24 Statement of Accounts again subject to any minor amendments as agreed with the Committee Chair and Section 151 Officer. All four sets of accounts have now been signed off and the Council has now caught up with the Government's backstop date requirements;
- A comprehensive risk management process ensures that key operational and corporate risks across the Council are captured and reported to senior managers and the Audit and Governance Committee;
- Consideration of this document by the Senior Leadership Team with reference to the wider aspects of governance; and
- Significant governance issues from previous years and from 2024/25.

## **5. Overall opinion of St Albans governance arrangements**

- 5.1 This AGS demonstrates that the Council's governance arrangements have remained fit for purpose during 2024/25.
- 5.2 The Senior Leadership Team has undertaken an assessment of the arrangements for governance during 2024/25 including a review of the assurance checklists and statements submitted by managers. It has concluded that arrangements are fit for purpose and working effectively. As a result of this assessment, a small number of other governance issues have been identified in order to further strengthen arrangements. These are set out in Table 2.

## **6. Governance Issues Identified**

- 6.1 This final part of the AGS outlines the actions taken, or proposed, to deal with significant governance issues identified. The Council's Senior Leadership Team, which monitors and reviews the corporate governance framework, has ensured that the issues raised in the previous AGS have been or are going to be addressed as detailed in Table 1 below:



**Table 1: Progress on significant governance issues identified in the 2023/24 AGS**

Key improvement/review area identified in the 2023/24 AGS	Action taken in 2024/25 to address the issue
<p>Financial stewardship</p> <p>The Council has developed a well-defined budget challenge process and a clear road map towards setting a balanced budget. In 2023/24 this has helped the Council to make savings of £2.3m, and in 2024/25 further savings of £2.4m. It is important the Council does not become complacent about ensuring a year-on-year balanced budget.</p>	<p>The Council has continued to develop the RAG approach to budget proposals indicating the extent to which proposals are achievable and providing early insight into whether savings are on track to be delivered.</p> <p>A balanced budget has been set for 2025/26 and was approved at the 26 February 2025 Full Council meeting. The Section 151 Officer has continued with the staff awareness campaign to remind officers they all have a role in managing the Council's finances and in achieving savings targets. Coupled with more regular and wider reporting on in year budget performance.</p>
<p>Procurement</p> <p>The Procurement Act 2023, due to go live on 28 October 2024, represents a big change for all public bodies, including St Albans.</p> <p>The Act consolidates the different regimes currently governing procurement into one Act, thereby creating a simpler and more flexible system. The existing overarching principles have been replaced with these new objectives which authorities must consider in all procurement activities:</p> <ul style="list-style-type: none"> <li>• Value for money</li> <li>• Acting with (and being seen to act with) integrity</li> <li>• Maximising public benefit</li> <li>• Treating suppliers the same (unless otherwise justified)</li> </ul>	<p>On 12 September 2024 the Cabinet Office announced a four month delay. The Act subsequently went live 24 February 2025.</p> <p>In order to prepare for this, internal processes were reviewed, procurement related policies updated, procedures and guidance drafted as well as identifying training and awareness needs.</p> <p>Wider Leadership Team had a detailed briefing in October from a procurement specialist.</p>
<p><b>Common themes from the Service Assurance Statements were:</b></p>	
<p>Data to support decision making</p> <p>It was recognised that there was scope for the Council and services to make better use of data.</p>	<p>This had already been identified as an area for improvement by the Senior Leadership Team. There is currently a fundamental review of corporate and service performance indicators. The newly formed Digital Strategy and</p>

Key improvement/review area identified in the 2023/24 AGS	Action taken in 2024/25 to address the issue
	<p>Transformation Team also have a key role and is developing an action plan in how it will support the Council Plan. The team's mission statement is about providing first class services to residents and businesses, by providing best-in-class transformation, digital services, and data insight.</p>
<p><b>Succession planning</b></p> <p>On the whole smaller teams can ensure emergency cover for key roles but developing an effective succession plan with so few staff can be challenging.</p>	<p>All service areas produce a cover plan setting out key roles in each team and the plan for short and medium term cover arrangements for unforeseen absences. These plans continued to be reviewed and updated regularly during 2024/25.</p> <p>HR Business Partners (HRBPs) worked with Service Managers to review their workforce profiles on request and flagged risks around key roles. HRBPs also provided advice on succession planning options including creation of apprenticeship posts, use of interns or graduates to create a talent pipeline. They also discussed options with retirees for casual work in the future to help with peak workloads of projects.</p> <p>In 2023/24 all Service Managers conducted a Talent Review for their areas to identify succession opportunities and threats within their teams. They are encouraged to review this thinking on an annual basis to plan for individual and team development.</p>
<p><b>Financial awareness</b></p> <p>Although well supported by their Business Finance Partners some managers would benefit from additional training or awareness around financial forecasting and budget monitoring.</p>	<p>The in-year budget performance and forecast outturn report, continued to be produced monthly for review by the Senior Leadership Team and also circulated to the Wider Leadership Team (WLT). Increased awareness was encouraged through briefings at WLT meetings as well as directorate and service area management meetings.</p>

Key improvement/review area identified in the 2023/24 AGS	Action taken in 2024/25 to address the issue
<p><b>Contract Management</b></p> <p>A series of contract management workshops were delivered to relevant officers during 2023/24. This exercise needs repeating.</p>	<p>The Procurement Team commenced planning for this in 2024/25 by identifying who requires this training and reviewing the outcomes from the previous workshops in line with the new Procurement Act requirements. The workshops will need to be delivered in 2025/26.</p>

- 6.2 In preparing this statement and reviewing the effectiveness of the Council's governance arrangements, the following areas have been identified for improvement or monitoring during 2025/26. These are set out in the table below, together with the steps to be taken to address them. They include those relevant ones carried over from last year's AGS:

**Table 2: Areas for improvement or monitoring during 2025/26**

Area for improvement or monitoring identified in the 2024/25 AGS	Action to be taken in 2025/26 to address the issue
<p><b>Local Government Reorganisation</b></p> <p>Following the publication of the English Devolution White Paper in December 2024, in February 2025 the Minister of State for Local Government and English Devolution issued a statutory invitation to all councils in two-tier areas and small neighbouring unitary authorities to develop proposals for unitary local government. St Albans City and District Council worked with its District and County Council partners in Hertfordshire to meet the deadline of submitting interim proposals in March 2025 and will need to ensure that final proposals are submitted to government in November 2025.</p> <p>The proposals drawn up as part of this process will fundamentally determine the shape and structure of local government for many years to come. As well as actively contributing to the development of proposals and transition plans put in place, the Council will need to continue to deliver value-for-money and excellent services to its communities between</p>	<p>Local Government Reorganisation presents both opportunities and risks for the Council's communities and its staff and stakeholders. In 2025/26 the Council will need to ensure it maximises the opportunities and mitigates the risks in the short, medium and long term.</p> <p>The Council will need to ensure that it actively participates in and contributes to the Hertfordshire-wide Local Government Reorganisation programme and its constituent workstreams that has already been established.</p> <p>The Council will need to consult and engage with its own staff and with councillors, committees, residents, customers and partners about the proposals that are shaped for Hertfordshire.</p> <p>It will need to assess the risks and opportunities of the various options for unitary authority structures in terms of finance, service delivery, local democracy and public support.</p> <p>It will need to put in place robust plans, strategies and communications mechanisms in place to robustly manage</p>

Area for improvement or monitoring identified in the 2024/25 AGS	Action to be taken in 2025/26 to address the issue
now and April 2028 when new unitary structures come into being.	the Council's operations between now and when the Council will cease to exist in April 2028.
<p><b>Community Governance Review (CGR)</b></p> <p>The Strategy and Resources Committee will consider the merits and costs of undertaking a district-wide Community Governance Review (CGR) at its meeting on 26 June 2025. At that time, the Committee will decide whether to recommend to the Council that a District-wide review be undertaken.</p>	<p>If it does, and if Full Council resolves to undertake a Community Governance Review, then this will be a key piece of work to be taken forward and monitored during 2025/26.</p>
<p><b>Financial stewardship</b></p> <p>As identified in the 2023/24 AGS, it is important the Council does not become complacent about ensuring a year-on-year balanced budget. The lack of clarity from central government about future financial settlements hampers the process.</p>	<p>Throughout 2024/25, the Council maintained strong financial stewardship, guided by its Medium-Term Financial Strategy. Regular budget monitoring reports were produced for the Senior Leadership Team and shared with Lead Councillors for Resources and the wider leadership team. This enabled timely corrective action where required. The Section 151 Officer confirmed that effective internal controls were in place to safeguard public funds and uphold ethical standards in decision-making.</p> <p>The Government has announced that multiyear settlements for local government will be introduced from 2026/27. A three year funding settlement will provide more certainty which will enable the Council to plan more effectively and manage risks.</p> <p>The Council will continue with its RAG approach to budget proposals indicating the extent to which proposals are achievable and providing early insight into whether savings are on track to be delivered. Early engagement with officers and Councillors continues to be key. For example, there is a significant financial pressure around homelessness for 2025/26. SLT is actively considering a range of strategies and activities to address this.</p>

Area for improvement or monitoring identified in the 2024/25 AGS	Action to be taken in 2025/26 to address the issue
<p><b>Financial Management Code</b></p> <p>The Chartered Institute of Public Finance and Accountancy's (CIPFA's) Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities. By complying with the principles and standards within the FM Code, authorities will be able to demonstrate their financial sustainability. A high-level review has been undertaken to ensure the Council was adhering to the key principles of the Code.</p>	<p>The more detailed review of the FM Code started in 2024/25 will be completed during 2025/26. To date there are no significant areas of non-compliance, but opportunities to make improvements. An action plan will be created to ensure these are implemented within agreed timescales and shared with SLT and the Audit and Governance Committee.</p>
<p><b>Common themes from the Service Assurance Statements were:</b></p>	
<p><b>Make better use of data to support decision making. Make better use of Artificial Intelligence</b></p> <p>As identified in last year's action plan and service assurance statements the Council could do more to improve its use of data. This includes the use of Artificial Intelligence (AI) and to use AI to help improve/streamline our services.</p> <p>As highlighted in last year's action plan and service assurance statements, there remains significant potential for the Council to enhance its use of data to inform decisions and improve service delivery. This includes advancing our capabilities in Artificial Intelligence (AI) and automation to streamline processes, reduce manual effort, and deliver more responsive, efficient services.</p> <p>By embedding AI and intelligent automation into our operations, drawing inspiration from best practice across the sector, we can unlock new insights, improve forecasting, and create more seamless experiences for both staff and residents.</p>	<p>The Council's maturity with AI is improving through an awareness and training campaign. Officers and Councillors are being actively encouraged to make use of AI tools, data visualization platforms, business intelligence services, to think 'outside of the box' and to exploit technology when looking at service provision.</p> <p>An AI policy is being developed to support this with associated guidance. The training and awareness campaign started in 2024/25 and will continue to upskill everyone and to ensure they are aware of the risks and opportunities associated with this.</p>

Area for improvement or monitoring identified in the 2024/25 AGS	Action to be taken in 2025/26 to address the issue
<p><b>Procurement</b></p> <p>Officers value the Council's Procurement Team, especially for their professional support and guidance in delivering compliant and effective procurement activities. During the year the Council experienced capacity challenges within the Procurement Team which led to delays in some procurement activities although no statutory breaches occurred, including when going out to tender.</p>	<p>This issue had already been recognised by management and additional resources have been brought in to strengthen the Procurement Team.</p> <p>During 2025/26 there will be a focus on training and awareness for officers, especially in light of the new Procurement Act 2023.</p>

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

We, the undersigned, are satisfied that appropriate governance arrangements are in place. We propose over the coming year to continue to review and where appropriate improve matters to further enhance our governance arrangements.

Signed: P de Kort

Date: 11/7/25

Councillor Paul De Kort (Leader of the Council)

Signed: A Foley

Date: 11/7/25

Amanda Foley (Chief Executive)