



# Statement of Accounts 2021/22

## UNAUDITED

# St Albans City & District Council: Statement of Accounts 2021/2022

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## Introduction

### Presentation of the accounts

As the Council's Chief Finance Officer (S151 Officer) I am pleased to present a draft Statement of Accounts for St Albans City and District Council for 2021/22.

The external audit of the draft statement of accounts for the year ended 31 March 2021 has not yet been completed by our external auditors, BDO LLP, due to the audit being postponed. This situation is allowed for by Regulation 10, paragraph (2a) of the Accounts and Audit Regulations 2015.

The Audit Committee will consider the results of the 2020/21 audit in the first meeting following its completion, and once fully approved, we will be able to finalise the 2021/22 accounts.

The narrative statement gives the context to the figures that make up the Statement of Accounts showing the income that we receive and the way it is spent on providing services across the district. It is a legal requirement to produce the Statement of Accounts, which includes the many statutory disclosures that the Council must provide.

We continue to respond to the challenging times that the pandemic, rising inflation and other economic pressures present both operationally and financially. Economic challenges will continue. We will regularly review our Medium-Term Financial Strategy to ensure that we maximise our resources for the benefit of residents and local businesses.

We aim to present clear and transparent information about our financial position and welcome constructive feedback on this statement to make it more accessible to more people.

I confirm that this draft Statement of Accounts presents a true and fair view of the financial position of the Council on 31 March 2022 and of its expenditure and income for the year then ended. This is subject as stated above to the completion by the External Auditors of the accounts for the year ended 31 March 2021.

*Linda Parker*

Linda Parker CIPFA  
Assistant Director – Finance  
Section 151 Officer  
31 October 2024

## About St Albans District

The District of St Albans has a rich and noble history and is a blend of historic city, vibrant towns, pretty villages, and beautiful countryside.

The District has a population of around 149,000 and covers an area of 163 square kilometres. It is located within the Metropolitan Green Belt, 32 kilometres north of London. Hertfordshire's towns are influenced by their proximity to the capital. Many local people work in London, and the city benefits from excellent transport links into the capital and further afield through easy access to the motorway and rail networks.

The historic Cathedral City of St Albans is the largest settlement in the District. St Albans is Hertfordshire's oldest town. In Roman times, when it was known as Verulamium, St Albans was one of the largest towns in Britain. The city's roman and mediaeval heritage is still evident, and, with each successive century, it has become rich in character and architectural variety.

# St Albans City & District Council: Statement of Accounts 2021/2022

## Introduction

### About St Albans City and District Council

St Albans District is in West Hertfordshire.

- We are one of ten District and Borough Councils in Hertfordshire.
- We provide a wide range of local services including planning and building control, housing, waste and environmental services.
- We are represented by 56 District Councillors.
- Around 380 full time equivalent employees.
- We work with partners such as Town and Parish Councils, Hertfordshire County Council, the Police, the voluntary and community sector, and the health and educational sectors.
- We own social housing stock and also work with a number of partner housing associations to provide homes for local people.
- We work with various commercial contractors that provide local services, such as leisure, waste and recycling on our behalf.

### Our Vision and Priorities

Our vision: a vibrant economy; a thriving community; a great place to live and work; and a cost-effective Council.

The Council's four priorities areas in 2021/22 are:

- Combat the climate emergency
- Deliver more social housing
- Enhance local business
- Develop community facilities

Each year we develop and publish a Corporate Plan outlining the actions we will take to deliver our vision and the priority projects we are focusing on. These provide direction for our work and a focus for our activities.

Performance on the priority projects has been reported quarterly and published on the Council's website, alongside quarterly key service performance measures:

<https://www.stalbans.gov.uk/performance-vision-policies-strategies-and-plans>

# St Albans City & District Council: Statement of Accounts 2021/2022

## Introduction

### The 2021/2022 Financial Climate

The Covid pandemic continued to affect the Council. In particular, restrictions in the earlier part of the financial year resulted in reduced income in areas such as parking and the council's facilities more generally. Even once restrictions were lifted, many of these income streams did not return to historic levels. Towards the end of the financial year inflation started to rise. The Council's future financial position and make up of its future plans will depend on the speed and extent of income recovery (which in turn is driven by wider changes in society such as more work from home employment and more online shopping), as well as other emerging economic pressures and the approach of Central Government to council funding.

The Council, by law, manages its Housing finances (the Housing Revenue Account) separately from those for the rest of its services (General Fund).

General Fund services are predominantly funded from income from services, Council Tax, retained Business Rates and a small amount of government grants. The Council has generated additional income/made savings of £0.8m, £1.3m, £1.0m, £0.8m, £1.6m and £1.6m in the six years up to and including 2021/22. We need to make savings and additional income of at least £0.7m for 2022/23 mainly due to the level of income remaining below early 2020 levels including likely long term behaviour change (in terms of its impact on travel and hence parking). The Council is addressing this.

The Housing Revenue Account (HRA) is funded primarily by rents paid by tenants. It does not get income from local taxation. The main financial driver for the HRA is the requirement to cover borrowings from Government, which are all at fixed interest rates. The Council produces a 30 year business plan for the HRA. This takes into account debt repayment, the amount it spends on providing housing services to tenants, including repairs and investment programmes, and the rents it expects to get. The latter is based on Government Guidance. The main financial challenges for the HRA are:

- Balancing the investment needs against rent levels.
- An increase in rent arrears arising after Covid and the current economic situation.



# St Albans City & District Council: Statement of Accounts 2021/2022

## Introduction

The main impact of general economic conditions on the Council's General Fund and HRA relate to:

- Our ability to set appropriate charges and collect them.
- Interest rates and inflation, where there are significant pressures on many cost types.
- Impacts due to the UK leaving the EU and the Covid pandemic.
- Any additional financial support for the pension fund, and investment returns.

## Risks

The Council manages risk via corporate and departmental risk registers where it sets out inherent risks, current mitigations and residual risk as well as any further action proposed to be taken.

Where possible the Council's approach has been to take action to reduce risks to an acceptable level. Our main financial risks are those related to income loss caused by changes such as the Pandemic and linked long term behavioural changes such as more working from home; large capital project spending, or income streams which support them; income from recycling sales and the rate of recycling and the cost of planning appeals. The Annual Governance Statement (page 115) 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, has in the light of the severe financial pressure it is under, used general fund balances in setting the 2021/22 budget and retained the target minimum General Fund balance level of £1.4m.

We also review the risks of any of the counterparties we lend to as a part of our Treasury Management Strategy. This is to take account of any possible adverse movements in their creditworthiness.

# St Albans City & District Council: Statement of Accounts 2021/2022

## Summary of the Council's Financial Performance in 2021/22

### 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.

Comparison of Actual to Budget 2021/22	Notes	Budget £'000	Actual £'000	Variance £'000
<b>Net Cost of Department *</b>				
Chief Executive & Policy	i	1,967	1,659	(308)
Finance and Legal	ii	3,665	3,347	(318)
Commercial & Development	iii	420	1,541	1,121
Community Services	iv	4,057	6,047	1,990
Corporate Services	v	634	705	71
Housing	vi	876	1,232	355
Planning & Building Control	vii	2,356	2,523	167
Covid	viii	1,740	(1,903)	(3,643)
<b>Net Council Budget</b>		<b>15,716</b>	<b>15,151</b>	<b>(565)</b>
<b>Funded by:</b>				
Council Tax		11,423	11,423	-
Retained Business Rates	ix	2,336	2,794	(458)
Collection Fund Surplus	x	4	1,298	(1,294)
New Homes Bonus and other grants		1,015	1,056	(41)
<b>Total Income</b>		<b>14,777</b>	<b>16,571</b>	<b>(1,794)</b>
Budgeted Contribution from General Balances and (Surplus)/Deficit for the year		<b>939</b>	<b>(1,420)</b>	<b>(2,359)</b>
Working Balance Brought Forward			<b>(3,149)</b>	
Net movement on General Balances 2021/22			<b>(1,420)</b>	
<b>Working Balance Carried Forward</b>			<b>(4,569)</b>	

\* including contribution to/from earmarked reserves

Regular monthly budget monitoring reports are presented to the management team. The amounts in the actual column in the table above are reconciled to the amounts reported in the Comprehensive Income and Expenditure Statement (CI&ES).

## **St Albans City & District Council: Statement of Accounts 2021/2022**

### **Summary of the Council's Financial Performance in 2021/22**

The significant variances were as follows:

- i. a) £0.1m underspend on salaries across the department due to vacant posts.  
b) £0.1m underspend on non-staff costs as planned activity did not go ahead during Covid restrictions and £0.1m from the write back of Reserves.
- ii. a) £0.1m loss of summons costs income. This was a Covid effect as the courts were closed for a long period and as a consequence income from summons costs for non-payment of council tax and business rates was reduced.  
b) An additional £0.1m from miscellaneous income.  
c) £0.2m underspend on salaries across the department offset by a £0.2m redundancy provision relating to the senior management restructure.  
d) £0.2m contingency budget not required as unforeseen events were funded by government and £0.1m underspend across a number of departments.
- iii. a) £1.0m loss of income within the Commercial and Development department as Covid reduced opening times and operating capacity, with the leisure centres shortfall of £0.5m and Museums shortfall of £0.2m and a shortfall in property rents and leases including leased car parks was £0.3m.  
b) £0.1m savings across the department including reduced running costs of facilities when closed.
- iv. a) £1.3m loss of car parking and on-street parking services income. Due to Covid the operations were significantly underutilised.  
b) £0.3m loss of Charter Market income principally due to social distancing measures which limited the number of stalls.  
c) £0.1m lower Licensing and Taxi income.  
d) £0.3m additional waste income from Garden Waste Income more than offsetting the lower recycling credits.  
e) £1.1m of Covid related grant income, offset by Covid expenditure.  
f) £0.2m increased Parks and Green Spaces costs mainly related to Tree Works) £0.3m waste contract costs associated with material processing and system implementation costs for Green Waste collections.  
h) £0.1m Parking Non-Staff overspend related to settling historic NCP claims.
- v. a) £0.1m over budget for software licenses. The additional costs partially caused by the Council's flexible approach to recruitment where some posts have been split between more than one person, increasing pressure on license numbers and all staff working remotely (the same as 20/21).

**St Albans City & District Council: Statement of Accounts 2021/2022**  
**Summary of the Council's Financial Performance in 2021/22**

- vi. a) £0.2m increase in the provision for housing benefit bad debt.  
b) £0.1m rent allowances paid out exceeded DWP funding.
- vii. a) £0.4m lower income than budgeted for planning fees  
b) £0.1m underspend in Spatial Planning where local plan activity was below budget.
- viii. a) £2.0m Budget contingency for lower sales, fees and charges income across Parking, Leisure, Museums and Markets offsetting shortfalls in Community Services and Commercial & Development.
- ix. £0.1m Additional retained business rates from designated growth area and remainder is business rates safety net payment
- x. £0.89m grant from the Government (Council Tax 75% income tax guarantee) and the remainder is final collection fund outturn position for 2021/22.

# St Albans City & District Council: Statement of Accounts 2021/2022

## Summary of the Council's Financial Performance in 2021/22

### Housing Revenue Account (HRA) compared to budget

The HRA budget, approved at Council in February 2021, shows a net deficit position. The following table shows the major variances between the approved HRA budget and the actual income and expenditure for the year. The table shows that the Council's net position, including transfers to and from reserves. For 2021/22 the net deficit was £0.1m, lower than originally budgeted. The HRA balance has reduced to £2.2m.

<b>Comparison of Actual to Budget 2021/2022</b>	<b>Notes</b>	<b>Budget £'000</b>	<b>Actual £'000</b>	<b>Variance £'000</b>
<b>Income</b>				
Dwelling Rents and service charges		(28,494)	(27,425)	1,069
Other Rents and income		(2,050)	(1,826)	224
<b>Total Income</b>	<b>i</b>	<b>(30,544)</b>	<b>(29,251)</b>	<b>1,293</b>
<b>Expenditure</b>				
Supervision & Management	ii	6,052	6,733	681
Repairs and Maintenance	iii	4,657	5,298	641
Other expenditure	iv	630	913	283
<b>Total Expenditure</b>		<b>11,339</b>	<b>12,944</b>	<b>1,605</b>
<b>Other charges to the HRA</b>				
Capital programme charges		8,561	8,382	(179)
Net Interest paid		4,555	4,589	34
Provision for debt repayment		10,000	10,000	-
Other			(87)	(87)
<b>Total other charges to the HRA</b>		<b>23,116</b>	<b>22,884</b>	<b>(232)</b>
Contribution from MRR to fund debt repayment		(2,500)	(4,500)	(2,000)
Revenue Contribution to Capital & EMR		353	(464)	(817)
<b>(Surplus)/Deficit for the year</b>		<b>1,764</b>	<b>1,613</b>	<b>(151)</b>
<b>Balance brought forward</b>		<b>(4,343)</b>	<b>(3,871)</b>	<b>472</b>
<b>Balance carried forward</b>		<b>(2,579)</b>	<b>(2,258)</b>	<b>321</b>

- i. Total Income: Dwelling rents increased by 1.5% in the year. Project delays in the year pushed back the completion of Ridgeview and Noke Shot into 22/23. Other rent losses arose from a high number of voids in the year and the inclusion of managed properties in the year.
- ii. Supervision and Management: The main overspend relates to; higher utilities costs, security costs at our sheltered accommodation schemes,

## **St Albans City & District Council: Statement of Accounts 2021/2022**

### **Summary of the Council's Financial Performance in 2021/22**

higher legal costs, additional Covid related cleaning, and increased recharges.

- iii. Repairs and maintenance: The overspend relates to non-urgent boiler repairs deferred from the prior year taking place in 21/22.
- iv. Other expenses were higher than budgeted as a result of council tax payable on void properties earmarked for repairs and disposal.

The government introduced Housing Self Financing (HSF) in April 2012. Under this scheme the costs of running, maintaining and replacing the Council's housing stock is financed from income generated from rents and, if necessary, capital borrowing. The Council borrowed £189.6m in 2011/12 in order to provide the funds to pay for the Housing Self Financing debt. The Council took out a series of fixed interest loans and has so far repaid £51.6m to the lender, the Public Works Loans Board.

The Council prepares a 30-year business plan for housing which is reviewed annually. For 2021/22, rents have increased by CPI + 1%. During the year the Council borrowed £2m externally to enable the housing capital programme to be fulfilled.

During 2021/22 the Council sold 15 council homes under the government's Right to Buy scheme. The closing stock of housing on 31 March 2022 was 4,914 properties.

# St Albans City & District Council: Statement of Accounts 2021/2022

## Summary of the Council's Financial Performance in 2021/22

### Capital

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 2021/22 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)	11,529	9,178	(2,351)
Housing Investment Programme (Affordable Housing)	9,060	1,668	(7,392)
Community Services	2,459	2,477	18
Commercial and Development	24,940	28,268	3,328
Other Departments	1,834	309	(1,525)
<b>Total</b>	<b>49,821</b>	<b>41,900</b>	<b>(7,921)</b>
<b>This Capital Programme was financed as follows:</b>			
Capital receipts (General Fund)	-	27	27
Major repairs reserve	8,776	6,429	(2,347)
Government grants and third party contributions	4,861	2,026	(2,835)
Revenue contribution to capital expenditure	453	412	(41)
Prudential borrowing	33,432	31,976	(1,456)
Capital Receipts (Housing)	2,300	1,031	(1,269)
<b>Total</b>	<b>49,821</b>	<b>41,900</b>	<b>(7,921)</b>
<b>APPROVED CAPITAL EXPENDITURE FOR THE FOLLOWING YEARS IS:</b>			
	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	
General Fund	56,427	27,171	
Housing investment programme	13,245	11,920	
<b>Total Capital Expenditure</b>	<b>69,672</b>	<b>39,091</b>	
<b>Financed by:</b>			
Borrowing requirements	58,344	18,298	
Major repairs reserve	5,785	5,785	
Revenue contribution to capital expenditure	-	-	
Grants and contributions	1,511	1,100	
Capital reserves / receipts	4,032	13,908	
<b>Total</b>	<b>69,672</b>	<b>39,091</b>	

The main General Fund projects incurring expenditure during the year include:

- £20.4m on the City Centre Opportunity Sites South
- £2.3m on the Sopwell Community and Cycle Centre
- £1.9m on Ridgeview

The remainder was spent on a range of projects across the district, to improve access to sports facilities, parks and open spaces and play equipment.

## St Albans City & District Council: Statement of Accounts 2021/2022 Summary of the Council's Financial Performance in 2021/22

Spend on General Fund capital schemes was £1.8m more than the budget in 2021/22, the main reasons being:

- £3.1m related to City Centre Opportunity Site South spent earlier than anticipated.
- (£1.3m) underspends spread across a variety of project including £780k on Noke Shot. The budget was re-phased into 2022/23.

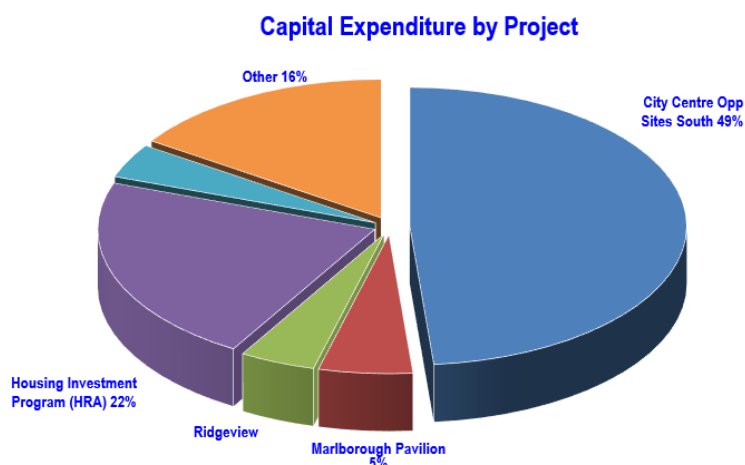
The remainder of the underspend is spread across a variety of project. The budgets were re-phased into 2022/23.

The Housing capital spend was £10.8m against a budget of £20.6m. The main areas of spend were:

- £1.3m on Affordable Homes.
- £6.8m on the housing stock on items such as bathrooms, kitchens, windows, and doors; other planned improvements and reactive preventative works.
- £2.0m on planned development at Ridgeview
- £0.7m on Disabled Facilities Grants.

The Housing capital budget was underspent by £9.8m and the main reasons being:

- £3.0m on Planned Improvements largely due to delays in works starting at Telford Court, taking into consideration the scope and complexity of the works following the structural survey undertaken.
- £5.9m on Affordable Housing due to delays in works starting at King Offa and The Hedges. These works were delayed due to the ground conditions and additional planning requirements respectively.
- £0.9m on planned developments due to a delay in works starting on site at Ridgeview.

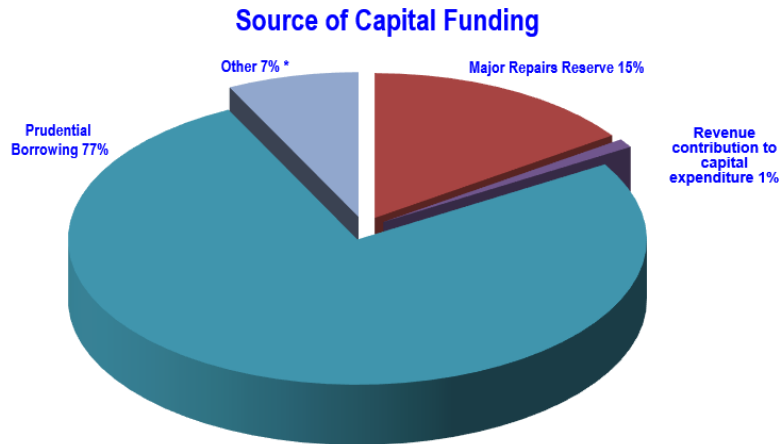




# St Albans City & District Council: Statement of Accounts 2021/2022

## Summary of the Council's Financial Performance in 2021/22

The Council has an ongoing programme of capital expenditure for improvements to our housing stock. A breakdown list of housing additions is shown in the HRA section of the statement of accounts.



\*Other is capital receipts and government grants and third party contributions

# St Albans City & District Council: Statement of Accounts 2021/2022

## Summary of the Council's Financial Performance in 2021/22

### Collection Fund

The Council collects Council Tax for itself and also 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 £24.4m (2020/21 £31.4m deficit) reducing the cumulative deficit of £40.1m to £15.7m. 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 31/03/22 of which:	19,822	(4,164)	15,658
St Albans District Council (surplus)/deficit share	7,929	(504)	7,425

The Council's share of the Collection Fund deficit of £15.7m is £7.4m.

The Collection Fund is gradually recovering from the peak of Covid, with a small increase in the Council Tax surplus (£3.3m) following a decrease (£1.5m) the year before. The Business Rates deficit reduced significantly when compared to 2020/21. Whilst Business Rates income in 2021/22 (£47.5m) has not reached 2019/20 levels (£60.1m), the deficit reduced partly due to being offset by Collection Fund grant originated reserves and partly due to fewer reliefs being awarded, which had reduced Business Rates collected in 2020/21.

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.

# **St Albans City & District Council: Statement of Accounts 2021/2022**

## **Summary of the Council's Financial Performance in 2021/22**

### **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 decreased by £12.0m during the year to £47.1m (2020/21: £59.1m). 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.

The Triennial pension valuation took place in November 2019 and the Council's pension contributions for 2020/21 onwards have been adjusted to reflect the changes. The employer's contribution in 2021/22 was 18.5% per the 3 years of the 2019 valuation, with a lump sum payment of £1.50m (2020/21: £1.46m).

## 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. To aid the reader, the core statements are supported by explanatory notes and a glossary of terms at the back.

## Core Financial Statements

- **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.
- **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.
- **Expenditure and Funding Analysis** – 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 and Statement of Movement on the HRA Balance** – 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.

# St Albans City & District Council: Statement of Accounts 2021/2022

## Introduction to the Statement of Accounts

The second part reconciles the surplus or deficit on the HRA I&E Account to the movement on the Housing Revenue Account Balance for the year.

- **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 Assistant Director, Finance with respect to the Statement of Accounts.
- **The Auditor's Statement** – 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. This Statement will be included on completion of the audit in the audited, approved Statement of Accounts. As explained in the introduction, this has been delayed (by the Auditors) for 2020/21, which in turn means these accounts cannot be finalised.
- **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.

These accounts are supported by Accounting Policies (Note 1 to the Core Financial Statements) on which the Council has based the Statements, and by various further notes to the Core Financial Statements, providing additional information in support of the main Financial Statements.

## Accounting Policies

The Council's Accounting Policies follow the Core Financial Statements below and there have been no material changes during the year.

# St Albans City & District Council: Statement of Accounts 2021/2022

## Introduction to the Statement of Accounts

### 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 2021/22 (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 2021/22, 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.

### Glossary of Terms

While the Council makes every effort to make the Statement of Accounts as simple as possible, it is necessary to comply with accounting regulations and standards and as such, terms and phrases not in ordinary use are necessary. A glossary of terms explaining some of the main accounting terms and phrases used in the Statement of Accounts is included at the back of this document.

### 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.

# **St Albans City & District Council: Statement of Accounts 2021/2022**

## **Statement of Responsibilities**

### **Statement of Responsibilities**

#### **The Authority's 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.

#### **The Assistant Director, Finance's responsibilities**

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 this Statement of Accounts presents a true and fair view of the financial position of the Council at 31 March 2022 and of its expenditure and income for the year then ended.

*Linda Parker*

Linda Parker CIPFA  
Assistant Director – Finance  
Section 151 Officer  
31 October 2024

## St Albans City & District Council: Statement of Accounts 2021/2022

### 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.

2021/22	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserve	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 at 31 March 2021</b>	(3,148)	(19,851)	(3,715)	(340)	(1,873)	(4,327)	(1,140)	(34,394)	(588,795)	(623,189)
<b>Movement in reserves during 2021/22</b>										
Total Comprehensive Income and Expenditure	6,286		(784)		-	-	-	5,502	(58,553)	(53,051)
Adjustments between accounting basis & funding basis under regulations (note 8)	1,793		2,157		(3,017)	2,754	534	4,221	(4,374)	(153)
Transfers to/from earmarked Reserves (note 9)	(9,500)	9,500	85	(85)	-	-	-	-	-	-
<b>Net (Increase)/Decrease in 2021/22</b>	<b>(1,421)</b>	<b>9,500</b>	<b>1,458</b>	<b>(85)</b>	<b>(3,017)</b>	<b>2,754</b>	<b>534</b>	<b>9,723</b>	<b>(62,927)</b>	<b>(53,204)</b>
<b>Balance at 31 March 2022</b>	<b>(4,569)</b>	<b>(10,351)</b>	<b>(2,257)</b>	<b>(425)</b>	<b>(4,890)</b>	<b>(1,573)</b>	<b>(606)</b>	<b>(24,671)</b>	<b>(651,722)</b>	<b>(676,393)</b>



## St Albans City & District Council: Statement of Accounts 2021/2022

### Movements in Reserves Statement

2020/21	General Fund Balance £'000	Earmarked General Fund £'000	Housing Revenue Account £'000	Earmarked HRA Reserves £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
<b>Balance at 31 March 2020</b>	(3,412)	(7,499)	(9,031)	(581)	(3,012)	(4,419)	(1,805)	(29,759)	(548,900)	(578,659)
<b>Movement in reserves during 2020/21</b>										
Total Comprehensive Income and Expenditure	3,006		(1,479)		-	-	-	1,527	(57,885)	(56,358)
Adjustments between accounting basis & funding basis under regulations (note 8)	(15,094)		7,036		1,139	92	665	(6,162)	6,162	0
Transfers to/from earmarked Reserves (note 9)	12,352	(12,352)	(241)	241	-	-	-	-	-	-
<b>Net (Increase)/Decrease in 2020/21</b>	<b>264</b>	<b>(12,352)</b>	<b>5,316</b>	<b>241</b>	<b>1,139</b>	<b>92</b>	<b>665</b>	<b>(4,635)</b>	<b>(51,723)</b>	<b>(56,358)</b>
<b>Balance at 31 March 2021</b>	<b>(3,148)</b>	<b>(19,851)</b>	<b>(3,715)</b>	<b>(340)</b>	<b>(1,873)</b>	<b>(4,327)</b>	<b>(1,140)</b>	<b>(34,394)</b>	<b>(588,795)</b>	<b>(635,017)</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.

# St Albans City & District Council: Statement of Accounts 2021/2022

## 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.

2020/21			2021/22		
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000	£'000	£'000	£'000
<b>Service Segments</b>					
7,197	(62)	7,135	12,402	(308)	12,094
2,975	(1,459)	1,516	2,302	(810)	1,492
15,665	(7,115)	8,550	18,999	(10,487)	8,512
5,320	(1,085)	4,235	7,876	(2,822)	5,054
934	(102)	832	1,451	(247)	1,204
4,339	(1,658)	2,681	4,856	(1,704)	3,152
<b>Housing Services</b>					
26,600	(24,874)	1,726	25,399	(23,349)	2,050
17,140	(28,629)	(11,489)	20,250	(29,391)	(9,141)
<b>80,170</b>	<b>(64,984)</b>	<b>15,186</b>	<b>93,535</b>	<b>(69,118)</b>	<b>24,417</b>
		8,593	note 10		7,875
		5,365	note 11		5,972
		(29,276)	note 12		(32,878)
		<b>(132)</b>	<b>(Surplus)/deficit on Provision of Services</b>		<b>5,386</b>
		(74,507)	note 23.1		(42,894)
		16,618	note 38		(15,696)
		<b>(57,889)</b>	<b>Other Comprehensive Income and Expenditure</b>		<b>(58,590)</b>
		<b>(58,021)</b>	<b>Total Comprehensive Income and Expenditure</b>		<b>(53,204)</b>

- i. General fund housing includes home renovation grants, costs of caring for homeless people and the cost of administering housing benefits.
- ii. The Housing Revenue Account is a ring-fenced account for Council tenants, which has a separate section in the Financial Statements.
- iii. The net expenditure in note 7 reconciles to the management reporting information in the Narrative.

# St Albans City & District Council: Statement of Accounts 2021/2022

## Balance Sheet as at 31 March 2022

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

31 March 2021 £'000		Note	31 March 2022 £'000
885,119	Property Plant and Equipment	13	953,133
6,359	Heritage Assets	14	6,486
7,894	Investment Properties	15	8,355
331	Intangible Assets		252
254	Long term debtors	16	190
<b>899,957</b>	<b>Long Term Assets</b>		<b>968,416</b>
4,365	Assets Held for Sale	17	1,012
1	Short Term Investments	16	7,000
83	Inventories		95
12,523	Short Term Debtors	18	10,201
5,129	Cash and Cash Equivalents	19	10,565
<b>22,101</b>	<b>Current Assets</b>		<b>28,873</b>
(10,285)	Short Term Borrowing	16	(13,214)
(25,966)	Short Term Creditors	20	(40,563)
(2,860)	Short term provisions	21.2	(4,300)
<b>(39,111)</b>	<b>Current Liabilities</b>		<b>(58,077)</b>
(59,045)	Pension Liability	38	(47,077)
(196,701)	Long term borrowing	16	(201,486)
(2,009)	Other Long term Liabilities and Provisions	21	548
(2,003)	Capital Grants Receipts in Advance	33	(9,788)
<b>(259,758)</b>	<b>Long Term Liabilities</b>		<b>(257,803)</b>
<b>623,189</b>	<b>Net Assets</b>		<b>681,409</b>
(34,394)	Usable Reserves	22	(24,671)
(588,795)	Unusable reserves	23	(656,738)
<b>(623,189)</b>	<b>Total reserves</b>		<b>(681,409)</b>

Note: Updated 4 December 2024 to correct a mistake in the unusable reserves number which had been causing the balance sheet to be out of balance

*Linda Parker*

Linda Parker CIPFA  
Assistant Director – Finance  
Section 151 Officer  
31 October 2024

# St Albans City & District Council: Statement of Accounts 2021/2022

## Cash Flow Statement

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

2020/21 £'000		Notes	2021/22 £'000
(1,525)	<b>Net surplus or (deficit) on the provision of services</b>		(1,525)
30,458	Adjustment to net surplus or deficit on the provision of services for non-cash movements	24	43,529
(7,137)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	25	(9,319)
<b>21,796</b>	<b>Net cash flows from Operating Activities</b>		<b>32,685</b>
(31,305)	Investing Activities	26	(34,963)
8,576	Financing Activities	27	7,714
<b>(933)</b>	<b>Net increase or decrease in cash and cash equivalents</b>		<b>5,436</b>
6,062	Cash and cash equivalents at the beginning of the reporting period		5,130
<b>5,129</b>	<b>Cash and cash equivalents at the end of the reporting period</b>		<b>10,566</b>

## Notes to the Accounts

The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are 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).

The second category of reserves is 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”.

### 1. Accounting Policies

#### 1.1 General Policies

The Statement of Accounts summarises the Council’s transactions for the 2021/22 financial year and its position at the year-end 31 March 2022. 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 2021/22, 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:

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

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance sheet. The exceptions to this rule are energy payments (e.g. electricity, gas, etc.) and similar quarterly payments, which are charged at the date of meter readings rather than being apportioned between financial years and rental income, where credit is taken according to rental periods. The policy is consistently applied each year and therefore does not have a material effect on any one year's accounts.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest 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.
- Where revenue and expenditure have been recognised but cash has not been recognised or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to the revenue for the income that might not be collected.

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) and Parish/Town Councils.

The implications for this is that, at year end, any balance sheet balances in relation to these Agent relationships are split between the Council and its

# **St Albans City & District Council: Statement of Accounts 2021/2022**

## **Notes to the Accounts**

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.

As part of the Covid response, the government provided substantial levels of support in the form of grants to businesses who were impacted by Covid. Many of these grants were administered by local authorities and where a local authority acted as a distribution point for grant monies to businesses and had no control over the amount of grant allocated to a recipient the Council acted as an Agent. Conversely where the Council had control over the distribution or the amounts of grant it was deemed to be acting as a Principal. Where the Council acted as an Agent, transactions are not reflected in the financial statements (with the exception of net debtor/creditors and net cash positions).

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

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

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

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

# **St Albans City & District Council: Statement of Accounts 2021/2022**

## **Notes to the Accounts**

### **1.6 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.

### **1.7 Employee Benefits**

#### **1.7a 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.

#### **1.7b 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



# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

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.

### **1.7c 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
  - Unlisted securities – current bid price
  - Property – market value

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

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.
  
- 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

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

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.

### **1.8 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.

### **1.9 Financial Instruments**

#### **1.9a 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

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

### 1.9b 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.

There has also been a conceptual change in looking at impairments of assets under IFRS 9. With the previous IAS 39, impairments were only recognised when they happened, now impairment loss is recognised for all financial assets where the Expected Credit Loss model can be applied. 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.

The Impairment Loss Allowance movement calculation for Trade Debtors can be seen in the Credit Risk section of Note 40.

# **St Albans City & District Council: Statement of Accounts 2021/2022**

## **Notes to the Accounts**

### **1.10 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.

### **1.11 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

# **St Albans City & District Council: Statement of Accounts 2021/2022**

## **Notes to the Accounts**

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

### **1.11a 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.

### **1.11b 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.

### **1.11c 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.

### **1.11d 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.

### **1.11e 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.

# **St Albans City & District Council: Statement of Accounts 2021/2022**

## **Notes to the Accounts**

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

### **1.12 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 Investment Properties.

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.

### **1.13 Jointly Controlled Operations and Jointly Controlled Assets**

The Council is one of five contributing to the operations of the West Hertfordshire Crematorium Joint Board. The Council's share of the activity is considered to be immaterial and is disclosed by the way of a note to the Statement of Accounts and therefore Group Accounts are not prepared. The Council does not control the assets and therefore they are not included in the Balance Sheet.

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

### 1.14 Leases

Leases are classified as finance leases where the terms of the lease transfers 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.

#### 1.14a The Council as Lessee

##### *Operating Leases*

Rentals paid under operational leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefiting from the use of the leased property plant and equipment. Charges are made on a straight-line basis over the life of the lease even if this does not match the pattern of payments.

#### 1.14b 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.

### 1.15 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.



# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

### 1.16 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.

#### 1.16a 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.

#### 1.16b 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)

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

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.

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.

### 1.16c 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

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

- 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.

### 1.16d 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:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, Plant, Furniture, Equipment and Infrastructure – straight-line allocation over the useful life of the asset.

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.

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.

### 1.16e 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

# **St Albans City & District Council: Statement of Accounts 2021/2022**

## **Notes to the Accounts**

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.

### **1.17 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

# **St Albans City & District Council: Statement of Accounts 2021/2022**

## **Notes to the Accounts**

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.

### **1.18 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 39.

### **1.19 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.

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

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.

### 1.20 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.

### 1.21 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.

### 1.22 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 shall be 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 shall apply a capitalisation rate to the expenditures on that asset. The capitalisation rate shall be the weighted average of the borrowing costs that are outstanding during the period. The amount of borrowing costs capitalised shall 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.

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

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

### **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 during the year, but not yet adopted are disclosed below. If applicable, these will be introduced in the 2022/23 accounts.

- Annual Improvements to IFRS Standards 2018–2020
  - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS.
  - IFRS 9 (Financial Instruments) – clarifies which fees an entity includes when it applies the ‘10 per cent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability.
  - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material.
  - IAS 41 (Agriculture) – amendment relating to taxation cash flows.
- IAS 16 (Property, Plant and Equipment) – amendment to accounting for proceeds before intended use.
- IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) – clarifies the intention of the standard on costs relating to fulfilling Onerous contracts.

These changes are not expected to have a material effect on the Council’s 2022/23 accounts.

### **3. Critical Judgements in applying Accounting Policies**

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

There is a high degree of uncertainty about future levels of funding for local government including the future of Business Rate income. However, the

# **St Albans City & District Council: Statement of Accounts 2021/2022**

## **Notes to the Accounts**

Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

Whilst the immediate direct impact of Covid had become relatively clear by the end of this accounting period, longer term consequential changes such as the impact on offices, shopping, entertainment, economic activity and health remain less certain. Key items of uncertainty are highlighted in Note 4 below and the Narrative Report.

### **4. 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 Covid pandemic has resulted in continued increased costs to the Council in responding to the crisis and from wider societal changes. There have been reductions in income collected from fees and charges and reductions in commercial rent as the country moved to the “post Covid world”.

Additional grants were announced for 2021/22 including the first quarter’s extension of the Sales, Fees and Charges income compensation scheme, a general support grant of £0.555m and council tax support funding. The Government has also provided a grant to mitigate the losses in Council Tax income and both Council Tax and Business Rates deficits are spread over 3 years.

The Council’s opinion is that application of the going concern principle is correct.

#### **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



# **St Albans City & District Council: Statement of Accounts 2021/2022**

## **Notes to the Accounts**

individual assets. The Council has a significant programme of capital on the housing stock (£16.3m in 2021/22) 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**

The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

The effects on the net pension's liability of changes in individual assumptions cannot be precisely calculated. The assumptions interact in complex ways. During 2021/22, the Council's actuaries advised that the net pensions liability had decreased by £12.0m to £47.1m (2020/21 £59.1m).

### **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 2020/21 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 2022. 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 £9.23m (2020/21 £11.95m) and the Council's share held in the Balance Sheet is £3.69m (2020/21 £4.78m). The decrease in total provision from last year is £1.09m.

# **St Albans City & District Council: Statement of Accounts 2021/2022**

## **Notes to the Accounts**

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.

### **Sundry Debtor Arrears**

At 31 March 2022, the Council had a sundry debtor balance of £3.65m (2020/21: £3.21m). A review of significant balances using historic write off rates suggested that a 19.9% (2020/21: 21.9%) impairment allowance for doubtful debts of £0.73m (2020/21: £0.70m) is appropriate.

If collection rates were to deteriorate, an increase in the impairment allowance for doubtful debts would be required. To provide in full for sundry debtors more than two months overdue would require an additional £1.12m to be set aside as a provision.

### **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.

# **St Albans City & District Council: Statement of Accounts 2021/2022**

## **Notes to the Accounts**

### **5. Material items of income and expenditure**

#### **5.1 Pension Fund Actuarial Change**

The Pension Fund Actuary has reported an actuarial deficit of £15.7m (2029/21 £16.6m), increasing the pension fund deficit to £47.1m. This is reported as a loss on the Comprehensive Income and Expenditure Statement, and subsequently adjusted (in accordance with proper practice) via the Movement in Reserves Statement to ensure it has no General Fund implications.

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

This version of the Statement of Accounts was certified for issue by the Assistant Director, Finance on 31<sup>st</sup> October 2024. Events taking place after that date will not be reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31<sup>st</sup> March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. No events leading to adjustments have occurred as of 31<sup>st</sup> October 2024.

### **7. 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).

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## Notes to the Accounts

Expenditure and Funding Analysis 2021/22	Net Expenditure Chargeable to the General Fund Balance	Net Expenditure Chargeable to the HRA Balance	Adjustments relating to internal management reporting	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Chief Executive and Policy	11,912	-	-	182	12,094
Finance and Legal	2,767	-	139	(1,414)	1,492
Community Services	6,202	-	142	2,168	8,512
Commercial & Development	1,320	-	84	3,650	5,054
Corporate Services	686	-	-	518	1,204
Planning & Building Control	2,759	-	-	393	3,152
Housing General Fund	1,231	-	-	819	2,050
Housing Revenue Account	(7,987)	(7,715)	4,584	(6,050)	(9,141)
<b>Net Cost of Services</b>	<b>18,890</b>	<b>(7,715)</b>	<b>4,949</b>	<b>266</b>	<b>24,417</b>
Other Income and Expenditure	3,027	(83)	-	4,931	7,875
Financing & Investment Income and Expenditure	991	9,168	(4,949)	761	5,972
Taxation and other non-specific grant income and expenditure	(14,827)	-	-	(18,051)	(32,878)
<b>Deficit/(surplus) on Provision of Services</b>	<b>8,080</b>	<b>1,371</b>	<b>-</b>	<b>(12,093)</b>	<b>5,386</b>
	<b>General Fund</b>	<b>HRA</b>	<b>Total</b>		
<b>Opening General Fund and HRA Balances</b>	(22,999)	(4,055)	(27,054)		
Less/plus surplus or deficit on General Fund and HRA Balance in year	8,080	1,371	9,451		
<b>Closing General Fund and HRA Balances at 31 March</b>	<b>(14,919)</b>	<b>(2,684)</b>	<b>(17,603)</b>		

Expenditure and Funding Analysis 2020/21	Net Expenditure Chargeable to the General Fund Balance	Net Expenditure Chargeable to the HRA Balance	Adjustments relating to internal management reporting	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Chief Executive and Policy	6,988	-	-	(41)	7,029
Finance and Legal	3,337	-	1,872	(51)	1,516
Community Services	7,845	-	337	(1,042)	8,550
Commercial & Development	1,709	-	(215)	(2,311)	4,235
Corporate Services	725	-	-	(107)	832
Planning & Building Control	2,598	-	-	(83)	2,681
Housing General Fund	1,086	-	-	(640)	1,726
Housing Revenue Account	-	(1,527)	8,407	(6,848)	(3,086)
<b>Net Cost of Services</b>	<b>24,288</b>	<b>(1,527)</b>	<b>10,401</b>	<b>(11,123)</b>	<b>23,483</b>
Other Income and Expenditure	2,882	(38)	-	(5,687)	8,531
Financing & Investment Income and Expenditure	84	6,966	(10,401)	12,086	5,365
Taxation and other non-specific grant income and expenditure	(39,341)	-	-	(10,171)	(29,170)
<b>Deficit/(surplus) on Provision of Services</b>	<b>(12,087)</b>	<b>5,401</b>	<b>-</b>	<b>(14,894)</b>	<b>8,209</b>
	<b>General Fund</b>	<b>HRA</b>	<b>Total</b>		
<b>Opening General Fund and HRA Balances</b>	(10,911)	(9,612)	(20,523)		
Less/plus surplus or deficit on General Fund and HRA Balance in year	(12,087)	5,401	(6,686)		
<b>Closing General Fund and HRA Balances at 31 March</b>	<b>(22,998)</b>	<b>(4,211)</b>	<b>(27,209)</b>		

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

The statement above reconciles the net expenditure in the CI&ES to the 'Comparison of Actual to Budget' management reporting outturn shown in the Narrative.

### 7.1 Adjustments between the Funding and Accounting Basis

2021/22				
Adjustments from General Fund and HRA to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note i)	Net change for the Pensions Adjustments (Note ii)	Other Differences (Note iii)	Total Adjustments
	£000's	£000's	£000's	£000's
Chief Executive and Policy	15	167	-	182
Finance and Legal	(1,703)	289	-	(1,414)
Community Services	1,701	467	-	2,168
Commercial & Development	3,316	334	-	3,650
Corporate Services	181	337	-	518
Planning & Building Control	21	372	-	393
Housing General Fund	661	158	-	819
Housing Revenue Account	(6,431)	381	-	(6,050)
<b>Net Cost of Services adjustments</b>	<b>(2,238)</b>	<b>2,506</b>	<b>-</b>	<b>267</b>
Other Income and Expenditure	3,997	-	934	4,931
Financing & Investment Income and Expenditure	(461)	1,222	-	761
Taxation and other non-specific grant income and expenditure	(1,472)	-	(16,579)	(18,051)
<b>Difference between General Fund and HRA surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(175)</b>	<b>3,728</b>	<b>(15,645)</b>	<b>(12,092)</b>

2020/21				
Adjustments from General Fund and HRA to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note i)	Net change for the Pensions Adjustments (Note ii)	Other Differences (Note iii)	Total Adjustments
	£000's	£000's	£000's	£000's
Chief Executive and Policy	(15)	(26)	-	(41)
Finance and Legal	(7)	(44)	-	(51)
Community Services	(974)	(68)	-	(1,042)
Commercial & Development	(2,265)	(46)	-	(2,311)
Corporate Services	(56)	(51)	-	(107)
Planning & Building Control	(20)	(63)	-	(83)
Housing General Fund	(614)	(26)	-	(640)
Housing Revenue Account	(6,793)	(55)	-	(6,848)
<b>Net Cost of Services adjustments</b>	<b>(10,743)</b>	<b>(379)</b>	<b>-</b>	<b>(11,122)</b>
Other Income and Expenditure	(4,753)	-	(934)	(5,687)
Financing & Investment Income and Expenditure	13,027	(941)	-	12,086
Taxation and other non-specific grant income and expenditure	1,839	-	(12,010)	(10,171)
<b>Difference between General Fund and HRA surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(630)</b>	<b>(1,320)</b>	<b>(12,944)</b>	<b>(14,894)</b>

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

### 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.

**Notes to the Accounts**

**7.2 Adjustments Relating to Internal Management Reporting**

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). The adjustments for 2021/22, which enable reconciliation of the Net Expenditure Chargeable to the General Fund and HRA Balances for Service Headings to the outturn reports included in the narrative, are shown below.

*Next edition*

**7.3 Segmental Income**

*Next edition*

**7.4 Expenditure and Income analysed by Nature**

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

*Next edition*

## Notes to the Accounts

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

This note details the adjustments that are made to the Total Comprehensive Income and Expenditure recognised by the Council in the year in accordance with proper accounting practice to 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.



# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

### 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.

### Combined Reserves Table

Adjustments between accounting basis and funding basis under regulations	Usable reserves					Movement in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	
<b>2021/2022</b>						
<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)	(3,162)	(566)	-	-	-	3,728
Council Tax and NDR (transfers to/(from) the Collection Fund Adjustment Account)	8,597	-	-	-	-	(8,597)
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)	(7,119)	(16,107)	-	-	(1,472)	24,698
<b>Total Adjustments to Revenue Resources</b>	<b>(1,684)</b>	<b>(16,673)</b>	<b>-</b>	<b>-</b>	<b>(1,472)</b>	<b>19,829</b>
<b>Adjustments between Revenue and Capital Resources</b>						
Transfer of non-current asset sales proceeds from revenue to the Capital Receipts Reserve	240	4,761	(7,455)	-	-	2,454
Administration costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-	(20)	20	-	-	-
Payments to the government of housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(934)	-	934	-	-	-
Posting of HRA resources from revenue to Major Repairs Reserve	-	3,831	-	(3,831)	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1,707	10,000	-	-	-	(11,707)
Other capital receipts taken to the CI&ES	2,464	-	(10)	-	-	(2,454)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	411	-	-	-	(411)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>3,477</b>	<b>18,983</b>	<b>(6,511)</b>	<b>(3,831)</b>	<b>-</b>	<b>(12,118)</b>
<b>Adjustments to Capital Resources</b>						
Use of Capital Receipts Reserve to finance capital expenditure	-	-	3,494	-	-	(3,494)
Use of Major Repairs Reserve to finance capital expenditure	-	-	-	6,585	-	(6,585)
Application of capital grants to finance capital expenditure	-	-	-	-	2,006	(2,006)
Cash payments in relation to deferred capital receipts	-	-	-	-	-	-
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>-</b>	<b>3,494</b>	<b>6,585</b>	<b>2,006</b>	<b>(12,085)</b>
<b>Total Adjustments</b>	<b>1,793</b>	<b>2,310</b>	<b>(3,017)</b>	<b>2,754</b>	<b>534</b>	<b>(4,374)</b>

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

Adjustments between accounting basis and funding basis under regulations	Usable reserves					Movement in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	
<b>2020/2021</b>						
<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)	(1,098)	(224)	-	-	-	1,322
Council Tax and NDR (transfers to/(from) the Collection Fund Adjustment Account)	(12,010)	-	-	-	-	12,010
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)	(5,714)	(14,504)	-	-	(1,838)	22,056
						-
<b>Total Adjustments to Revenue Resources</b>	<b>(18,822)</b>	<b>(14,728)</b>	<b>-</b>	<b>-</b>	<b>(1,838)</b>	<b>35,388</b>
						-
<b>Adjustments between Revenue and Capital Resources</b>						
Transfer of non-current asset sales proceeds from revenue to the Capital Receipts Reserve	2,881	2,372	(5,252)	-	-	(1)
Administration costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-	(14)	14	-	-	-
Payments to the government of housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(934)	-	934	-	-	(0)
Posting of HRA resources from revenue to Major Repairs Reserve	-	5,917	-	(5,917)	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1,774	9,000	-	-	-	(10,774)
Other capital receipts taken to the CI&ES	-	-	(17)	-	-	17
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	7	3,755	-	-	-	(3,762)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>3,728</b>	<b>21,030</b>	<b>(4,321)</b>	<b>(5,917)</b>	<b>-</b>	<b>(14,520)</b>
<b>Adjustments to Capital Resources</b>						
Use of Capital Receipts Reserve to finance capital expenditure	-	-	5,460	-	-	(5,460)
Use of Major Repairs Reserve to finance capital expenditure	-	-	-	5,999	-	(5,999)
Application of capital grants to finance capital expenditure	-	-	-	-	2,503	(2,503)
Cash payments in relation to deferred capital receipts	-	-	-	-	-	-
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>-</b>	<b>5,460</b>	<b>5,999</b>	<b>2,503</b>	<b>(13,962)</b>
<b>Total Adjustments</b>	<b>(15,094)</b>	<b>6,302</b>	<b>1,139</b>	<b>82</b>	<b>665</b>	<b>6,906</b>

## 9. 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 2021/22.

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

	Balance at 31 March 2020	Transfers out 2020/21	Transfers In 2020/21	Balance at 31 March 2021	Transfers out 2021/22	Transfers In 2021/22	Balance at 31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund Earmarked Reserves</b>							
Planning appeals reserve (1)	319	(33)	-	286	(33)	-	286
Sustainability Projects	150	(20)	-	130	(20)	-	130
Leisure SDA	242	(204)	-	38	(204)	-	38
Building maintenance reserve	121	-	50	171	-	50	171
City Neighbourhoods Committee	230	(22)	-	208	(22)	-	208
Building control account	-	-	-	-	-	-	-
Syrian Refugees	288	-	7	295	-	7	295
Homelessness Reduction (FHSG)	298	(72)	-	226	(72)	-	226
Refuse collection reserve	200	(68)	-	132	(68)	-	132
Transformation Fund	51	-	-	51	-	-	51
Hemel Garden Community	279	(241)	-	38	(241)	-	38
Museum Trust grant	184	-	-	184	-	-	184
Grounds Maintenance Reserve			300	300		300	300
Climate initiative reserve			118	118		118	118
Covid19 government grants (2)			689	689		689	689
Other Reserves Under £100k	856	(49)	39	846	(49)	39	846
<b>General Fund sub-total</b>	<b>3,218</b>	<b>(709)</b>	<b>1,203</b>	<b>3,712</b>	<b>(709)</b>	<b>1,203</b>	<b>3,712</b>
Collection Fund (timing difference)	4,281	-	11,858	16,139	-	11,858	16,139
<b>Total General Fund Earmarked Reserves</b>	<b>7,499</b>	<b>(709)</b>	<b>13,061</b>	<b>19,851</b>	<b>(709)</b>	<b>13,061</b>	<b>19,851</b>
<b>HRA</b>							
Revenue earmarked reserve	-	-	100	100	-	100	100
Capital expenditure reserve	581	(341)	-	240	(341)	-	240
<b>HRA sub-total</b>	<b>581</b>	<b>(341)</b>	<b>100</b>	<b>340</b>	<b>(341)</b>	<b>100</b>	<b>340</b>
<b>Total</b>	<b>8,080</b>	<b>(1,050)</b>	<b>13,161</b>	<b>20,191</b>	<b>(1,050)</b>	<b>13,161</b>	<b>20,191</b>

1. The Council does not budget for the cost of planning appeals but rather maintains an earmarked reserve to cover the costs of possible future appeals.
2. The remainder Covid general grant which was unspent in 2020/21 and earmarked to fund Covid related costs in 2021/22.

## 10. Other Operating Expenditure

2020/2021		2021/2022
£'000		£'000
2,882	Parish Council Precepts	3,036
934	Payments to the Government Housing Capital Receipts Pool	934
(859)	(Gains)/losses on the disposal of non-current assets	(2,178)
5,759	Write-off of replaced asset components *	6,175
-	Revaluation of Assets held for sale	-
(123)	Other Capital receipts and income	(92)
<b>8,593</b>		<b>7,875</b>

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

\*Write off or derecognition of replaced components relates to the writing-off of significant components (for example bathrooms and windows) of housing properties that were replaced during the year.

### 11. Financing and Investment Income and Expenditure

2020/2021		2021/2022
£'000		£'000
4,754	Interest payable and similar charges	4,739
938	Net interest on the net defined benefit liability	1,205
(11)	Interest receivable and similar income	(14)
(515)	Changes in fair value of investment properties	(461)
77	Impairments to financial assets incl reversals	276
122	(Surplus)/deficit from trading operations not included in Net Cost of Services	227
<b>5,365</b>		<b>5,972</b>

### 12. Taxation and Non-Specific Grant Income

2020/2021		2021/2022
£'000		£'000
	<b>Council Tax</b>	
(14,309)	Council Tax Income	(14,459)
(9)	Transfer from the Collection Fund	(411)
<b>(14,318)</b>	<b>Council Tax net</b>	<b>(14,870)</b>
	<b>Business Rates</b>	
(20,741)	Share of Business Rate income	(3,867)
23,342	Tariff paid to central government	23,342
1	Business Rates Pilot Gain	-
11,892	Council's share of Business Rates deficit	(16,172)
(2,711)	Safety net payment due to/(from) central government	1,383
<b>11,786</b>	<b>Business Rates net income</b>	<b>4,686</b>
	<b>Non-specific Grants</b>	
(14,283)	Small Business Rate relief	(7,480)
(737)	New Homes Bonus	(744)
(8)	EU Exit Funding	(108)
(9,818)	Coronavirus Grants	(12,749)
(1,898)	Capital grants and contributions	(1,613)
<b>(26,744)</b>	<b>Non-specific Grants sub-total</b>	<b>(22,694)</b>
<b>(29,276)</b>	<b>Total</b>	<b>(32,878)</b>

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

### 13. Property, Plant and Equipment

#### Movement on Balances

The following two tables show the movements in Property, Plant & Equipment during the current and prior year analysed between categories of Property, Plant & Equipment.

<b>Property, Plant &amp; Equipment Movements</b>	<b>Council Dwellings £'000</b>	<b>Other Land and Buildings £'000</b>	<b>Vehicles, Furniture &amp; Equipment £'000</b>	<b>Infrastructure £'000</b>	<b>Asset Under Construction £'000</b>	<b>Property, Plant &amp; Equipment Total £'000</b>
<b>Cost or Valuation</b>						
At 1 April 2021	614,118	236,631	17,743	2,943	40,826	912,261
Transfers	-	-	-	-	-	-
Additions	6,175	1,560	356	186	32,285	40,562
Revaluation increases/(decreases) recognised in the Revaluation Reserve	28,816	9,615	-	-	-	38,431
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	963	(1,341)	-	-	-	(378)
Write off - disposals	(1,173)	-	(4)	-	(67)	(1,244)
Write off - replaced components	(6,175)	-	-	-	-	(6,175)
Assets reclassified (to)/from	-	9,901	(62)	-	(9,839)	-
Assets reclassified (to)/from assets held for sale	12	-	-	-	(773)	(761)
Impairment (losses)/reversals recognised in the surplus/deficit on the Provision of Services	-	-	-	-	-	-
Impairment (losses)/reversals recognised in the Revaluation Reserve	-	-	-	-	-	-
<b>At 31 March 2022</b>	<b>642,736</b>	<b>256,366</b>	<b>18,033</b>	<b>3,129</b>	<b>62,432</b>	<b>982,696</b>
<b>Accumulated Depreciation and Impairment</b>						
At 1 April 2021	(7,336)	(6,016)	(12,281)	(1,509)	-	(27,142)
Transfers	12	-	-	-	-	12
Depreciation charge	(7,999)	(2,687)	(1,238)	(160)	-	(12,084)
Depreciation written out to the Revaluation Reserve	7,353	2,119	-	-	-	9,472
Depreciation written out to the Surplus/(Deficit) on the Provision of Services	137	28	-	-	-	165
Write off - disposals	14	-	-	-	-	14
Impairment (losses)/reversals recognised in the Surplus/(Deficit) on the Provision of Services	-	-	-	-	-	-
Reclassification Transfers	-	(27)	27	-	-	-
<b>At 31 March 2022</b>	<b>(7,819)</b>	<b>(6,583)</b>	<b>(13,492)</b>	<b>(1,669)</b>	<b>-</b>	<b>(29,563)</b>
<b>Net Book Value</b>						
At 31 March 2021	606,782	230,615	5,462	1,434	40,826	885,119
At 31 March 2022	634,917	249,783	4,541	1,460	62,432	953,133

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

<b>Property, Plant &amp; Equipment Movements</b>	<b>Council Dwellings £'000</b>	<b>Other Land and Buildings £'000</b>	<b>Vehicles, Furniture &amp; Equipment £'000</b>	<b>Infrastructur e £'000</b>	<b>Asset Under Constructio n £'000</b>	<b>Property, Plant &amp; Equipment Total £'000</b>
<b>Cost or Valuation</b>						
At 1 April 2021	626,130	236,631	17,743	2,943	40,826	<b>924,273</b>
Transfers	-	-	-	-	-	-
Additions	6,175	1,560	356	186	32,285	<b>40,562</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	28,822	9,615	-	-	-	<b>38,437</b>
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the	(10,901)	(1,341)	-	-	-	<b>(12,242)</b>
Write off - disposals	(1,173)	-	(4)	-	(67)	<b>(1,244)</b>
Write off - replaced components	(6,175)	-	-	-	-	<b>(6,175)</b>
Assets reclassified (to)/from	-	9,901	(62)	-	(9,839)	-
Assets reclassified (to)/from assets held for sale	12	-	-	-	(773)	<b>(761)</b>
Impairment (losses)/reversals recognised in the surplus/deficit on the Provision of	-	-	-	-	-	-
Impairment (losses)/reversals recognised in the Revaluation Reserve	-	-	-	-	-	-
<b>At 31 March 2022</b>	<b>642,890</b>	<b>256,366</b>	<b>18,033</b>	<b>3,129</b>	<b>62,432</b>	<b>982,850</b>
<b>Accumulated Depreciation and Impairment</b>						
At 1 April 2021	(7,490)	(6,016)	(12,281)	(1,509)	-	<b>(27,296)</b>
Transfers	12	-	-	-	-	<b>12</b>
Depreciation charge	(7,999)	(2,687)	(1,238)	(160)	-	<b>(12,084)</b>
Depreciation written out to the Revaluation	7,353	2,119	-	-	-	<b>9,472</b>
Depreciation written out to the	137	28	-	-	-	<b>165</b>
Surplus/(Deficit) on the Provision of Services	-	-	-	-	-	-
Write off - disposals	14	-	-	-	-	<b>14</b>
Impairment (losses)/reversals recognised in the Surplus/(Deficit) on the Provision of	-	-	-	-	-	-
Reclassification Transfers	-	(27)	27	-	-	-
<b>At 31 March 2022</b>	<b>(7,973)</b>	<b>(6,583)</b>	<b>(13,492)</b>	<b>(1,669)</b>	-	<b>(29,717)</b>
<b>Net Book Value</b>						
<b>At 31 March 2021</b>	<b>606,782</b>	<b>230,615</b>	<b>5,462</b>	<b>1,434</b>	<b>40,826</b>	<b>885,120</b>
<b>At 31 March 2022</b>	<b>634,917</b>	<b>249,783</b>	<b>4,541</b>	<b>1,460</b>	<b>62,432</b>	<b>953,133</b>

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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 2020	549,497	208,174	17,514	2,928	42,623	820,736
Transfers	(1,319)	(154)	-	-	1,682	209
Additions	10,367	8,256	230	15	25,364	44,233
Revaluation increases/(decreases) recognised in the Revaluation Reserve	65,221	1,326	-	-	-	66,547
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	755	(123)	-	-	-	632
Write off - disposals	(784)	(26)	-	-	(120)	(930)
Write off - replaced components	(5,759)	-	-	-	-	(5,759)
Assets reclassified (to)/from	-	19,199	-	-	(19,199)	-
Assets reclassified (to)/from assets held for sale	8,152	(21)	-	-	(9,524)	(1,393)
Impairment (losses)/reversals recognised in the surplus/deficit on the Provision of Services	-	-	-	-	-	-
Impairment (losses)/reversals recognised in the Revaluation Reserve	-	-	-	-	-	-
<b>At 31 March 2021</b>	<b>626,130</b>	<b>236,631</b>	<b>17,743</b>	<b>2,943</b>	<b>40,826</b>	<b>924,274</b>
<b>Accumulated Depreciation and Impairment</b>						
At 1 April 2020	(7,103)	(4,603)	(11,275)	(1,365)	-	(24,346)
Transfers	17	2	-	-	-	19
Depreciation charge	(7,517)	(2,377)	(1,006)	(144)	-	(11,044)
Depreciation written out to the Revaluation Reserve	6,920	939	-	-	-	7,859
Depreciation written out to the Surplus/(Deficit) on the Provision of Services	183	14	-	-	-	197
Write off - disposals	10	9	-	-	-	19
Impairment (losses)/reversals recognised in the Surplus/(Deficit) on the Provision of Services	-	-	-	-	-	-
<b>At 31 March 2021</b>	<b>(7,490)</b>	<b>(6,016)</b>	<b>(12,281)</b>	<b>(1,509)</b>	<b>-</b>	<b>(27,296)</b>
<b>Net Book Value</b>						
At 31 March 2020	542,400	203,565	6,239	1,563	42,623	796,390
<b>At 31 March 2021</b>	<b>618,640</b>	<b>230,615</b>	<b>5,462</b>	<b>1,434</b>	<b>40,826</b>	<b>896,978</b>

## 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 2021/22.

- 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

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## Notes to the Accounts

- 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 £112k (2020/21: £114k).

## Capital Commitments

As at 31 March 2022, the Council has entered into a number of contracts for the construction and enhancement of Property, Plant and Equipment at a cost of £13.4m. Similar commitments as at 31 March 2021 were £3.3m.

## 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 internally by qualified surveyors with the exception of certain specialised properties, which were carried out 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 depreciation costs are 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, then reviewed and adjusted for as at 31 March 2022.

Valuations have been provided amidst the continued uncertainty created by Covid (including more long term variations such as less time working in offices). Nevertheless, as at the valuation date transaction volumes in property markets are increasing, along with other relevant evidence on which to base opinions of value.

The significant assumptions in estimating the current values are:

- a) Title – that the title is good and marketable and is free from rights of way or easements, restrictive covenants, disputes or onerous usual outgoing.
- b) Environmental Matters – that the land and building comprising the property subject to the valuation, are not affected by any form of pollution, contamination or adverse environmental matters.



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## Notes to the Accounts

- c) Plant and Machinery – any that has been considered to form part of the property is included in the variation.
- d) Statutory Requirements – that the property valued complies with all necessary statutory requirements such as the Defensive Premises Act 1972, building and fire regulations and there are no outstanding notices.
- e) Realisation Cost – no allowance has been made for the vendor's sale nor for any tax liabilities which may arise.

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.

Year of valuation of value in accounts	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles and Plant £'000	Total £'000
Valued at historical Cost	-	-	-	-
Valued at current value in:				
2016/17	-	3,056	-	3,056
2017/18	-	9,730	-	9,730
2018/19	-	22,277	-	22,277
2019/20	182	140,417	-	140,599
2020/21	619,834	58,097	-	677,931
2021/22	15,920	16,206	4,543	36,669
<b>Total</b>	<b>635,936</b>	<b>249,783</b>	<b>4,543</b>	<b>890,262</b>

## 14. Heritage Assets

31 March 2021	Heritage Assets	31 March 2022
£'000		£'000
4,767	Exhibits	4,869
366	Silver	370
164	Civic Regalia	165
581	Cups and Trophies	587
38	Sculptures	38
443	War Memorials	457
<b>6,359</b>	<b>Carrying Value</b>	<b>6,486</b>

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## Notes to the Accounts

### 15. Investment Properties

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

2020/2021		2021/2022
£'000		£'000
(562)	Rental income from investment property	(516)
136	Direct operating expenses arising from investment property	110
<b>(426)</b>	<b>Net (gain)/loss</b>	<b>(406)</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 or to undertake repairs, maintenance or enhancement.

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

2020/21		2021/22
£'000		£'000
<b>7,377</b>	<b>Balance at start of year:</b>	<b>7,894</b>
-	Reclassification	-
517	Revaluation	461
<b>7,894</b>	<b>Balance at end of the year</b>	<b>8,355</b>

Investment Properties are those that are used solely to earn rentals and/or for capital appreciation (Accounting Policies note 1.12).

2021/22 Recurring fair value measurements using:	Other significant observable inputs (Level 2)	Fair value as at 31st March 2022
	£000	£000
Office Units	651	651
Retail Units	5,094	5,094
Recreational	2,610	2,610
<b>Total</b>	<b>8,355</b>	<b>8,355</b>

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## Notes to the Accounts

Investment Properties are valued at fair value as at 31 March 2022. 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.

Paragraph 28 of IFRS 13 states that the highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible. At the reporting date, one recreational property could achieve greater returns if converted to residential. The property is subject to a lease with 9 years remaining and upon review the Council does not consider it legally and financially sound to terminate the lease before expiry.

As stated in Note 13, material uncertainty in valuations also applies to Investment Properties.

### **16. 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.

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## Notes to the Accounts

### Categories of Financial Instruments

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

	Long-Term		Current	
	At 31 March 2021 £'000	At 31 March 2022 £'000	At 31 March 2021 £'000	At 31 March 2022 £'000
<b>Investments</b>				
Cash Equivalents at amortised cost	-	-	1	7,000
Cash	-	-	5,129	10,566
<b>Total investments</b>	-	-	<b>5,130</b>	<b>17,566</b>
<b>Debtors</b>				
Financial assets at amortised cost	254	190	6,229	5,935
Impairment Loss Allowance	-	-	(1,043)	(1,081)
<b>Borrowings</b>				
Financial liabilities at amortised cost	(196,701)	(201,486)	(10,210)	(13,214)
<b>Creditors</b>				
Financial liabilities carried at contract amounts	(164)	(61)	(10,992)	(16,449)

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

2020/2021			Financial Instruments	2021/2022		
Financial Liabilities: measured at amortised cost £'000	Financial Assets: loans and receivables £'000	2020/2021 Total £'000		Financial Liabilities: measured at amortised cost £'000	Financial Assets: loans and receivables £'000	2020/2021 Total £'000
4,754	-	4,754	Total interest expense in the Surplus or Deficit on the Provision of Services	4,739	-	4,739
-	(11)	(11)	Total interest income in the Surplus or Deficit on the Provision of Services	-	(14)	(14)
4,754	(11)	4,743	<b>Net (gain)/loss for the year in Surplus or Deficit on the Provision of Services</b>	4,739	(14)	4,725

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## Notes to the Accounts

### Fair Value of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instrument, using the following assumptions:

- Estimated ranges of interest rates at 31 March 2022 of 1.91% to 2.66% (31 March 2021 0.96% to 2.19%) for loans from the Public Works Loan Board (PWLB) based on new lending rates for equivalent loans at that date.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next twelve months, carrying amount is assumed to approximate to fair value.
- The fair value of trade or other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

31 March 2021			31 March 2022	
Carrying amount	Fair Value		Carrying amount	Fair Value
£'000	£'000		£'000	£'000
<b>ASSETS</b>				
5,129	5,129	Cash	10,565	10,565
<b>LIABILITIES</b>				
206,911	241,718	Public Works Loan Board loans	214,700	218,280

The fair value of liabilities is marginally higher than the carrying amount because the Council's portfolio of loans is made up of fixed rate loans where the interest rate payable is slightly higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2022) arising from a commitment to pay interest to the PWLB above market rates current at the year end. However, we expect interest rates to rise over the remaining life of the loans and if they do, the loans' fair value will decrease by their maturity point, meaning that the notional loss shown here will not be realised.

### 17. 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.

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## Notes to the Accounts

2020/21 £'000		2021/22 £'000
6,670	<b>Balance at start of year</b>	4,365
19	Revaluation Gains/(Losses) in year	
(3,520)	Assets sold in year	(4,121)
(207)	Assets reclassified out as unsold	(236)
	<b>Assets newly classified as held for sale:</b>	
1,403	Property, Plant & Equipment	1,012
4,365	<b>Balance at Year End</b>	1,020

Assets Held for Sale are valued at Fair Value as at 31 March 2022. Analysis of the relevant valuation techniques classifies these assets as Level 2 (see Note 15).

### 18. Short Term Debtors

At 31 March 2021 £'000		At 31 March 2022 £'000
4,849	Central Government Bodies	2,598
287	Other Local Authorities	-
	<b>Other entities and Individuals:</b>	
1,657	Housing Rents arrears	1,741
(761)	Less Impairment Allowance	(798)
897	<b>Housing arrears net</b>	942
2,646	Council Tax and Business Rates	2,872
(1,947)	Less share of impairment allowances	(1,967)
699	<b>Council Tax and Business Rates net</b>	905
1,457	Rent allowances and rebates	-
265	Leaseholder rent arrears	487
545	Payments in advance	1,017
4,251	Other miscellaneous debtors	4,976
(728)	Less Impairment Allowance	(724)
5,790	<b>Other net</b>	5,756
12,523	<b>Total</b>	10,201

For disclosure of the Loss Allowance by Asset Class for Non-financial Assets see note 40.

### 19. Cash and Cash Equivalents

Cash equivalents are investments and deposits maturing within three months of the date of the deposit. The balance of Cash and Cash Equivalents is made up of the following elements:

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At 31 March 2021 £'000		At 31 March 2022 £'000
3	Cash held by the Council	3
5,121	Bank Current Accounts	5,561
5	Short-term deposits	5,001
<b>5,129</b>	<b>Total Cash and Cash equivalents</b>	<b>10,565</b>

## 20. Short Term Creditors

At 31 March 2021 £'000		At 31 March 2022 £'000
3,630	Collection Fund	11,485
10,553	Trade Creditors	15,963
1,796	Other Creditors	2,300
9,987	Receipts in advance	10,815
<b>25,966</b>	<b>Total</b>	<b>40,563</b>

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

### 21.1 Long Term Liabilities

The Council holds deposits for commercial premises. The long-term portion of the deposits amounts to £0.06m (2020/21 £0.09m) and relates to leases expiring between 1 and 16 years from the Balance Sheet Date.

### 21.2 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.

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<b>Provisions: Business Rate Appeals</b>	
	<b>£'000</b>
<b>Balance at 1 April 2021</b>	<b>4,780</b>
Adj due to change in SADC share %	(1,089)
<b>Adjusted balance at 1 April 2019</b>	<b>3,691</b>
Additional provisions made	-
Amounts used	-
<b>Balance at 31 March 2022</b>	<b>3,691</b>
<b>Made up of:</b>	
Long Term provisions	(609)
Short Term provisions	4,300

## 22. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement.

## 23. 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>2020/21</b>		<b>2021/22</b>
<b>£'000</b>		<b>£'000</b>
(453,446)	Revaluation Reserve	(494,421)
(210,383)	Capital Adjustment Account	(216,794)
59,045	Pensions Reserve	47,077
(53)	Deferred Capital Receipts Reserve	(43)
16,042	Collection Fund Adjustment Account	7,443
<b>(588,795)</b>	<b>Total Unusable Reserves</b>	<b>(656,738)</b>

Note: Updated 4 December 2024 to correct a mistake in the unusable reserves number which had been causing the balance sheet to be out of balance

### 23.1 Revaluation Reserve

The Revaluation Reserve contains the 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 or impaired and the gains are lost



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- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

The Revaluation Reserve includes adjustments for PPE, Investment Properties and Heritage Assets.

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.

<b>Capital Adjustment Account</b>	<b>2021/22</b>
	<b>£'000</b>
<b>Balance as at 1 April</b>	<b>(217,198)</b>
<b><i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</i></b>	
Charges for depreciation and impairment of non current assets	11,928
Movements in the market value of Investment Properties debited or credited to the comprehensive Income and Expenditure Statement	(461)
Revaluation losses on Property, Plant and Equipment	7,113
Amortisation of Intangibles	79
Revenue expenditure funded from capital under statute	1,339
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	11,389
<b>Sub-total charges</b>	<b>31,387</b>
Difference between fair value depreciation and historical cost depreciation transferred to the Revaluation Reserve	(4,460)
Accumulated gains on assets sold or scrapped	(2,475)
<b>Net written out amount of the cost of non -current assets consumed in the year</b>	<b>24,452</b>
<b><i>Capital Financing applied in the year:</i></b>	
Use of the Capital Receipts Reserve to finance new capital	(3,494)
Use of Major Repairs Reserve to finance new capital expenditure	(6,429)
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to	(851)
Application of grants to capital financing from the Capital Grants Unapplied Account	(1,155)
Direct Revenue Financing	(412)
Housing debt repayment provision	(10,000)
Statutory provision for the financing of capital investment charged against the General Fund	(1,707)
<b>Sub-total capital financing</b>	<b>(24,048)</b>
<b>Balance at 31 March</b>	<b>(216,794)</b>

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### 23.2 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 8 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. The following table reconciles this line to the Adjustments in Note 8.

2020/21 £'000		2021/22 £'000
16,060	<b>Net written out amount of the cost of non-current assets consumed in the year (per the Capital Adjustment Account)</b>	24,452
4,004	Add back amount transferred to the Revaluation Reserve	4,460
1,991	Add back accumulated gains on assets sold or scrapped	2,475
(423)	Less Capital Grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to	(851)
21,632	<b>Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (per note 8)</b>	30,536

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2020/21 £'000	Capital Adjustment Account	2021/22 £'000
(210,383)	Balance as at 1 April	(217,198)
	<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</i>	
11,928	Charges for depreciation and impairment of non current assets	11,928
(461)	Movements in the market value of Investment Properties debited or credited to the comprehensive Income and Expenditure Statement	(461)
330	Revaluation losses on Property, Plant and Equipment	7,113
79	Amortisation of Intangibles	79
1,339	Revenue expenditure funded from capital under statute	1,339
11,389	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	11,389
<b>24,604</b>	<b>Sub-total charges</b>	<b>31,387</b>
(4,460)	Difference between fair value depreciation and historical cost depreciation transferred to the Revaluation Reserve	(4,460)
(2,475)	Accumulated gains on assets sold or scrapped	(2,475)
<b>17,669</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>24,452</b>
	<i>Capital Financing applied in the year:</i>	
(3,494)	Use of the Capital Receipts Reserve to finance new capital	(3,494)
(6,429)	Use of Major Repairs Reserve to finance new capital expenditure	(6,429)
(851)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to	(851)
(1,155)	Application of grants to capital financing from the Capital Grants Unapplied Account	(1,155)
(412)	Direct Revenue Financing	(412)
(10,000)	Housing debt repayment provision	(10,000)
(1,707)	Statutory provision for the financing of capital investment charged against the General Fund	(1,707)
<b>(24,048)</b>	<b>Sub-total capital financing</b>	<b>(24,048)</b>
<b>(216,762)</b>	<b>Balance at 31 March</b>	<b>(216,794)</b>

### 23.3 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

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

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.

2020/21 £'000	Pensions Reserve	2021/22 £'000
41,105	Balance at 1 April	59,045
16,618	Remeasurements of the net defined benefit liability	(15,696)
5,013	Reversal of items relating to retirement benefits debited to the Surplus on the Provision of Services in the Comprehensive Income and Expenditure Statement	7,464
(3,691)	Employer's pensions contributions and direct payments to pensioners payable in the year	(3,736)
59,045	Balance at 31 March	47,077

### 23.4 Collection fund Adjustment Account

2020/21			Precepting Authorities	2021/22		
Business Rates £'000	Council Tax £'000	Total £'000		Business Rates £'000	Council Tax £'000	Total £'000
(214)	1,101	887	Hertfordshire County Council	(4,329)	159	(4,170)
-	152	152	Police and Crime Commissioner for Hertfordshire	-	22	22
(3,041)	160	(2,881)	St Albans District Council	(12,889)	4	(12,885)
(4,129)	-	(4,129)	Central Government	(15,447)	-	(15,447)
(7,384)	1,413	(5,972)	<b>Total surplus/(deficit)</b>	<b>(32,665)</b>	<b>185</b>	<b>(32,480)</b>

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.

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

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.

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

The adjustment to the net deficit on the provisions of services for non-cash movements is as follows:

2020/21 £'000		2021/22 £'000
	<b>Non Cash Transactions</b>	
11,112	Depreciation, downward revaluations and impairments	12,084
77	Amortisations	79
1,322	Pension fund adjustments	3,728
10,052	Carrying amount of non-current assets sold	11,436
(7)	(Increase)/decrease in stock	(12)
6,530	(Increase)/decrease in debtors	68,841
1,279	Other non-cash items charged on the provision of services	6,708
93	(Decrease)/increase in creditors	(59,335)
<b>30,458</b>	<b>Total non-cash movements</b>	<b>43,529</b>

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## Notes to the Accounts

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

Adjustments for items included in the net deficit on the provision of services that are investing and financing activities are:

2020/21 £'000		2021/22 £'000
(5,208)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(7,409)
(1,928)	Capital grants credited to the surplus or deficit on the provision of services	(1,910)
<b>(7,136)</b>	<b>Net adjustment</b>	<b>(9,319)</b>

The net cash flow from operating activities for 2021/22 includes interest received of £14k (2020/21 £11k) and interest paid of £4,694k (2020/21 £4,637k).

### 26. Cash Flow Statement – Investing Activities

2020/21 £'000		2021/22 £'000
(44,206)	Purchase of property, plant and equipment, investment property and intangible assets	(40,140)
(941,664)	Purchase of short-term investments	(543,800)
629	Loans granted	1,279
5,227	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	7,419
946,163	Proceeds from short-term and long term investments	536,799
2,547	Capital grants received	3,480
<b>(31,304)</b>	<b>Net cash flows from investing activities</b>	<b>(34,963)</b>

### 27. Cash Flow Statement – Financing Activities

2020/21 £'000		2021/22 £'000
19,000	Cash Receipts of Short-Term and Long-Term Borrowing	18,000
(9,205)	Repayment of Short-Term and Long-Term Borrowing	(10,286)
(1,218)	Council Tax, NNDR & other adjustments	-
<b>8,576</b>	<b>Total cash flow from financing activities</b>	<b>7,713</b>

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## Notes to the Accounts

### 27.1 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.

	2021/22				
	1st April 2021 £'000	Loans Repaid £'000	New Loans £'000	Transfer between Short and Long Term Borrowing £'000	31st March 2022 £'000
Long term borrowings	196,831		18,000	(13,214)	201,618
Short term borrowings	10,080	(10,286)	-	13,214	13,007
<b>Total liabilities from financing activities</b>	<b>206,911</b>	<b>(10,286)</b>	<b>18,000</b>	<b>-</b>	<b>214,625</b>

	2020/21				
	1st April 2020 £'000	Loans Repaid £'000	New Loans £'000	Transfer between Short and Long Term Borrowing £'000	31st March 2021 £'000
Long term borrowings	188,116		19,000	(10,285)	196,831
Short term borrowings	9,000	(9,205)	-	10,285	10,080
<b>Total liabilities from financing activities</b>	<b>197,116</b>	<b>(9,205)</b>	<b>19,000</b>	<b>-</b>	<b>206,911</b>

### 28. 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		2020/2021 £'000	2021/2022 £'000
<b>Markets</b>	Turnover	(240)	(319)
	Expenditure	577	461
	<b>Deficit</b>	<b>337</b>	<b>142</b>
<b>Commercial Premises</b>	Turnover	(605)	(511)
	Expenditure	390	595
	<b>Surplus</b>	<b>(215)</b>	<b>84</b>
<b>Net (Surplus)/Deficit on Trading Operations</b>		<b>122</b>	<b>226</b>

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

Note ~ Markets: In 2021/22 expenditure included £0.151m on staff and £0.126m on rates and utilities. The remaining costs include cleansing and waste removal, parking and transport costs and internal charges. The Council received £0.568m Income Compensation Grant from the government for the period April 2021 to June 2021 of which £0.054m related to Markets, offsetting part of the deficit of £0.142m shown above.

### 29. Members' Allowances

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

2020/2021 £000	Members' Allowances	2021/2022 £000
434	Allowances	424
2	Expenses	0
<b>436</b>		<b>424</b>

### 30. Officers' Remuneration

The remuneration paid to the Councils' senior employees is as follows:

2020/2021 Total Remuneration including pension contributions £'000	Post Title	Notes	2021/22				Total Remuneration including pension contributions £'000
			Salary, fees and allowances £'000	Benefits in kind £'000	Total Remuneration excluding pension contributions £'000	Employer's pension contribution £'000	
140.8	Chief Executive and Head of Policy		111.2	-	111.2	33.7	144.8
100.9	Deputy Chief Executive (Finance and Legal)		79.8	-	79.8	22.4	102.1
98.4	Head of Housing		60.5	-	60.5	16.3	76.7
98.5	Head of Community Services		37.7	-	37.7	12.0	49.7
95.5	Head of Corporate Services		78.1	-	78.1	21.9	99.9
98.4	Head of Planning and Building Control		78.1	-	78.1	21.9	99.9
87.4	Head of Commercial and Development		77.0	-	77.0	21.6	98.6
-	Strategic Director - Community & Place Delivery	i	12.2	-	12.2	2.3	14.4
-	Strategic Director - Customer, Business & Corporate Support	i	8.3	-	8.3	2.1	10.4
			-	-	-	-	-
			<b>542.7</b>	<b>-</b>	<b>542.7</b>	<b>154.0</b>	<b>696.7</b>
<b>2020/2021</b>			<b>562.9</b>	<b>2.3</b>	<b>565.2</b>	<b>154.9</b>	<b>720.1</b>

In 2021 the decision was made to move the council to a Directorate structure from a Head of Service structure with the resulting removal of the five Head of Service posts and the Deputy Chief Executive post at the end of the 2021/22



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## Notes to the Accounts

financial year. Three Strategic Director posts were appointed to ready for the change of operating model on 1 April 2022. Two of the new postholders (note i) started in advance to ensure a smooth transition with the third Director starting in May 2022.

The information in the table above reflects the annual remuneration paid to employees in the posts as at 31 March 2022.

The Council's other employees receiving more than £50k remuneration for the year (excluding pension contributions) were paid the following amounts:

Remuneration	2020/21		2021/22	
	Number ex. redundancies	Number inc. redundancies	Number ex. redundancies	Number inc. redundancies
£50,000 - £54,999	7	7	4	4
£55,000 - £59,999	9	9	9	9
£60,000 - £64,999	2	2	5	5
£65,000 - £69,999	1	1	0	0
£70,000 - £74,999	0	0	4	4
£110,000 - £120,000	1	1	1	1
<b>Total</b>	<b>20</b>	<b>20</b>	<b>23</b>	<b>23</b>

### 31. Termination Benefits

The Council terminated the contract of 3 employees in 2021/22, incurring a cost of £98.8k (£164.3k in 2020/21). The table below sets out the numbers of exit packages with total cost per band. All redundancies were compulsory.

Exit package cost (including special payments)	Number of compulsory redundancies		Total cost of exit packages in each band	
	2020/21	2021/22	2020/21 £'000	2021/22 £'000
£0 - £20k	15.0	1.0	91.5	4.95
£20k - £40k	1.0	1.0	25.1	28.26
£40k plus	1.0	1.0	47.7	65.63
<b>Total</b>	<b>17.0</b>	<b>3.0</b>	<b>164.3</b>	<b>98.8</b>

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Exit package cost (including special payments)	Number of compulsory redundancies		Total cost of exit packages in each band	
	2019/20	2020/21	2019/20	2020/21
			£'000	£'000
£0 - £20	1.0	15.0	9.6	91.5
>£20 - £40	1.0	1.0	31.8	25.1
>£40 - £60	0.0	1.0	0.0	47.7
<b>Total</b>	<b>2.0</b>	<b>17.0</b>	<b>41.4</b>	<b>164.3</b>

### 32. 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.

2020/2021 £'000		2021/2022 £'000
46	Fees payable with regard to external audit services carried out by the appointed auditor for the current year	37
6	Fees payable for the certification of grant claims and returns	8
<b>52</b>		<b>45</b>

### 33. Grants and Contributions Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22.

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2020/2021 £'000	Grant Income	2021/2022 £'000
	<b>Credited to Taxation and Non specific grant income</b>	
737	New Homes Bonus	744
8	EU Exit Funding	108
14,283	Small Business Rate relief	7,480
9,818	Coronavirus Grants	12,749
1,898	Capital grants and contributions	1,613
<b>26,744</b>	<b>Sub-Total</b>	<b>22,694</b>
	<b>Credited to services</b>	
23,166	Rent Allowances & Benefits	21,406
1,559	Recycling credits	856
355	Benefits Administration Grants	311
183	Contribution to NDR costs	180
779	Council Tax Hardship Grant	-
104	Council Tax support admin. subsidy	114
274	Reclaimed Benefits	217
1,150	Grounds maintenance contributions	948
374	Homelessness Reduction Grant	665
71	Syrian Refugees Grant	159
31	Heritage Lottery and Museum contributions	121
647	Other contributions	1,608
<b>28,694</b>	<b>Sub-Total</b>	<b>26,585</b>
<b>55,438</b>	<b>Total</b>	<b>49,279</b>

The Council has received several 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:

31 March 2021 £'000	Capital Grants Received in Advance	31 March 2022 £'000
1,007	Section 106	866
565	Disabled Facilities Grants	695
375	Other	1,695
56	COVID-19 Grant	6,533
<b>2,003</b>	<b>Total Grants received in advance</b>	<b>9,789</b>

### 34. 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

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## Notes to the Accounts

constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

### Central Government

Central Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides substantial funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 33 "Grants and Contributions Income".

### Officers

During 2021/22 there were no declarations of pecuniary or other interest by Council Officers disclosable in accordance with section 117 of the Local Government Act 1972.

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 are then assessed in the normal manner by an Officer not involved with the organisation.

### Councillors

Councillors have direct control over the Council's financial and operating policies. The total of councillors' (members') allowances paid in 2021/22 is shown in Note 29.

For 2021/22 the following declaration was made:

MEMBER	INDIVIDUAL / ORGANISATION INVOLVED	DETAIL OF DECLARATION MADE	FINANCIAL VALUE OF TRANSACTION
NEEDHAM Liz	Chair of Trustees - St Albans for Refugees	Use of four garages to store donations to StAR	£2,400

As at 30th June 2023 there were 15 declarations outstanding from current and former councillors.

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## **Notes to the Accounts**

All Related Party transactions were properly approved in accordance with the Council's constitution. All Councillors are expected to register their pecuniary interests annually and these are disclosed on the Council Website.

### **Entities Controlled or Significantly Influenced by the Council**

The Council manages Clarence Park, part of which is owned by a charity, Clarence Park Recreation Ground Trust, (charity number 1047751) for which the Council act as trustees, and this is incorporated in the Council's accounts. In addition, the New England Street Playing Field is owned by the Council as trustee of The Public Recreation Ground Trust (commonly known as the New England Street Playing Field) (charity number 302456), the new Museum + Gallery is owned by the Council as trustee of the Museum of St Albans (charity number 312128), and the Annesley Bequest (charity number 311082).

The Council has an agreement with five other Hertfordshire authorities for the running of the West Hertfordshire Crematorium through a Joint Committee. The Agreement provides for deficits to be met by the constituent councils but in practice the Crematorium meets its running costs from its own income and builds up reserves where possible to meet future capital improvement costs. The Agreement also allows for surpluses to be paid to the constituent councils, where they are not required for future capital investment – in 2021/22 the Council received £50k. The assets and liabilities of the Joint Committee are shared by the five Hertfordshire Local Authorities in ratio of their populations except that the Land and Building assets are vested in the local authority where the Crematorium is situated (Watford Borough Council). The Council's share of the assets and liabilities and of the net income is immaterial to the accounts and has not been consolidated.

The Council established a separate company called Oak Tree Gardens (St Albans) Management Company Limited, on 7 November 2018 expressly to manage the Oak Tree Gardens development. Colm O'Callaghan (the Deputy Chief Executive (Finance and Legal) in 2021/2022 was a Director of the company throughout the year [resigned: 20 July 2022]). The Council made no payments to the managing agent in 2021/22.

For part of the year (April to May 2021) Cllr Mandy McNeil was a director for St Albans Bid Ltd, the company established to run the Business Improvement District (BID) in St Albans. Former Cllr McNeil stood down as a councillor in May 2022. In 2021/22 the Council paid to the BID company a levy of £22,801.

In March 2020 the Council established a wholly owned private limited company called the St Albans City and District Estates Limited. During

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## Notes to the Accounts

2021/22 the company had three directors who were Council Officers, Tony Marmo, the Head of Commercial and Development, Linda Middleton, Transformation Manager and Linda, Financial Services Manager. The company was established to manage residential properties outside of the Housing Revenue Account. The company had financial transactions during 2021/22 of £5k.

### 35. 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.

2020/21 £'000	Capital financing Requirement	2021/22 £'000
<b>222,890</b>	<b>Opening Capital Financing Requirement</b>	<b>240,253</b>
	<b>Capital investment</b>	
44,233	Property, Plant and Equipment	40,562
-	Heritage Assets	-
146	Intangible Assets	-
1,482	Revenue Expenditure funded from Capital under Statute	1,339
<b>45,861</b>		<b>41,901</b>
	<b>Less Sources of Finance</b>	
5,460	Capital Receipts	3,494
1,515	Other Government Grants and other contributions	1,155
565	Disabled Facilities Grant	-
-	Heritage Lottery funding for New Museums and Galleries	-
423	Leaseholders Recharge	851
5,939	Major Repairs Reserve	6,429
3,762	Revenue contribution to capital	411
9,000	Voluntary revenue provision HRA	10,000
1,774	Minimum revenue provision General Fund	1,707
<b>28,498</b>		<b>24,047</b>
<b>240,253</b>	<b>Closing Capital Financing Requirement</b>	<b>258,107</b>
2020/21 £'000	Explanation of movements in year	2021/22 £'000
17,363	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	17,854
<b>17,363</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>17,854</b>

### 36. Leases

#### Council as a Lessor

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

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- 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:

2020/2021 £'000		2021/2022 £'000
14	Not later than one year	30
715	Later than one year and not later than five years	1,282
6,355	Later than five years	3,777
<b>7,084</b>		<b>5,089</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.

### Council as a Lessee

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

- Photocopying & printing
- Electric moped bikes for parking enforcement

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

2020/2021 £'000		2021/2022 £'000
26	Not later than one year	13
42	Later than one year and not later than five years	29
<b>68</b>		<b>42</b>

### 37. 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

# **St Albans City & District Council: Statement of Accounts 2021/2022**

## **Notes to the Accounts**

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 1.22).

The Council has capitalised borrowing costs of £1.2m during the financial period 2021-22 (£0.9m 2020/21). The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation for the 2021-22 financial period, calculated using the weighted average interest rate on the Council's loan payments, was 2.05% (2.37% in 2020/21) 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.

### **38. Defined Benefit Pension Scheme**

#### **Participation in the Pension Scheme**

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments 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, so the real cost



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of post-employment/retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement.

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

2020/2021	Transactions Relating to Post Employment Benefits	2021/2022
£'000		£'000
	<b>Comprehensive Income and Expenditure Statement</b>	
	<b>Cost of Services:</b>	
4,075	- Current Service Cost	6,252
	- Past Service Costs (including curtailments)	7
	<b>Financing and Investment Income and Expenditure</b>	
949	Net Interest expense	1,205
<b>5,024</b>	<b>Total Post Employment Benefit Charged/(Credited) to the Surplus or Deficit on the Provision of Services</b>	<b>7,464</b>
	<b>Other Post Employment Benefit Charged/(Credited) to the Comprehensive Income and Expenditure Statement</b>	
	<b>Remeasurements of the net defined benefit liability comprising:</b>	
(20,676)	Return on plan assets (excluding the amount included in the net interest expense)	(2,751)
2,275	Actuarial (gains) and losses arising from changes in demographic assumptions	(1,056)
36,780	Actuarial (gains) and losses arising from changes in financial assumptions	(12,286)
(1,761)	Experience (gain) and losses	397
<b>16,618</b>	<b>Total Post Employment Benefit Charged/(Credited) to the Comprehensive Income and Expenditure Statement</b>	<b>(15,696)</b>

2020/2021	Transactions Relating to Post Employment Benefits	2021/2022
	<b>Movement in Reserves Statement</b>	
(5,024)	Reversal of net charges made to the Surplus or deficit for the Provision of Services for employment benefits in accordance with the Code	(7,464)
3,691	Actual amount charged against the General Fund Balance for pensions in the year: Employers' contributions payable to the scheme	3,736
<b>(1,333)</b>	<b>Pension costs transferred to/(from) the Pensions Reserve</b>	<b>(3,728)</b>

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## Notes to the Accounts

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, and net liability.

2020/2021 £'000		2021/2022 £'000
(189,199)	Present Value of the defined benefit obligation	(182,141)
130,143	Fair values of plan assets	135,053
<b>(59,056)</b>	<b>Net liability arising from the defined benefit obligation</b>	<b>(47,088)</b>

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

2020/2021 £'000	Pension Scheme Assets	2021/2022 £'000
107,396	Opening fair value of scheme assets at 1 April	130,143
2,464	Interest income	2,597
	Remeasurement gain/(loss):	
20,676	Return on plan assets, excluding the amount included in the net interest expense	2,751
3,691	Contributions from employer	3,736
798	Contributions from employees into the scheme	806
(4,882)	Benefits paid	(4,980)
<b>130,143</b>	<b>Closing fair value of scheme assets at 31 March</b>	<b>135,053</b>

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

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

2020/2021 £'000	Pension Scheme Liabilities	2021/2022 £'000
148,501	<b>Opening balance at 1 April</b>	189,199
4,075	Current Service Cost	6,252
3,413	Interest Cost	3,802
798	Contributions from scheme participants	806
	Remeasurement (gains)/losses:	
2,275	Actuarial (gains) and losses arising from changes in demographic assumptions	(1,056)
36,780	Actuarial (gains) and losses arising from changes in financial assumptions	(12,286)
(1,761)	Experience (gain)/loss	397
	Past service costs	7
(4,882)	Benefits Paid	(4,980)
<b>189,199</b>	<b>Closing balance at 31 March</b>	<b>182,141</b>

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

### Local Government Pension Scheme Assets Comprised:

As at 31 March 2021			Asset type	As at 31 March 2022		
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
3,664	-	3,664	Cash and cash equivalents	7,902		7,902
			Equity Instruments by industry type			
1,156	-	1,156	Consumer	1,926		1,926
1,020	-	1,020	Manufacturing	639		639
-	-	-	Energy and utilities			-
834	-	834	Financial institutions	742		742
515	-	515	Health and care	1,167		1,167
2,967	-	2,967	Information technology	2,457		2,457
116	-	116	Other			-
			Debt Securities			
	2,969	9,638	Other		3,538	3,538
6,668	-	-	UK Government	9,909		9,909
-	7,823	7,823	Private Equity		9,869	9,869
			Property			
-	7,202	7,202	UK property		10,484	10,484
-	5,997	5,997	Overseas property		7,561	7,561
			Investment Funds and Unit Trusts			
59,871	-	59,871	Equities	49,641		49,641
21,045	-	21,045	Bonds	20,034		20,034
-	-	-	Commodities			-
-	54	54	Infrastructure		83	83
1,204	7,088	8,292	Other	1,140	8,031	9,172
			Derivatives			
-	(51)	(51)	Foreign exchange		(70)	(70)
<b>99,061</b>	<b>31,082</b>	<b>130,143</b>	<b>Totals</b>	<b>95,557</b>	<b>39,496</b>	<b>135,053</b>

### 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 Hymans Robertson LLP, an independent firm of actuaries; estimates on the pension fund are based on the latest full valuation of the scheme as at 31 March 2022.

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

The significant assumptions used by the actuary have been:

31 March 2021	Actuarial Assumptions	31 March 2022
	<b>Long-term expected rate of return on assets in the scheme</b>	
2.3%	Equity investments	2.8%
2.3%	Bonds	2.8%
2.3%	Property	2.8%
2.3%	Cash	2.8%
	<b>Mortality assumptions</b>	
	Longevity at 65 for current pensioners	
22.1	Men	21.9
24.5	Women	24.4
	Longevity at 65 for future pensioners	
23.2	Men	22.9
26.2	Women	26.0
	<b>Financial assumptions</b>	
2.9%	Rate of inflation	3.2%
3.3%	Rate of increase in salaries	3.6%
2.9%	Rate of increase in pensions	3.2%
2.0%	Rate for discounting scheme liabilities	2.7%

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.

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

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 2022	Approximate % increase to employer liability	Approximate monetary amount £'000
0.1% decrease in Real Discount Rate	2%	3,360
1 year increase in member life expectancy	4%	7,286
0.1% increase in Salary Increase Rate	0%	250
0.1% increase in the Pension Increase Rate	2%	3,085

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £47.1m (2020/21 £59.1m). 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.

Contributions payable by the Council are set by the Fund Actuary at each triennial actuarial valuation (the most recent being as at 31 March 2019), or at any other time as instructed to do so by the administering authority.

The estimated contribution to the scheme in 2021/22 is £3.2m (2020/2021 was £3.7m).

The weighted average duration of the defined benefit obligation for scheme members at 31 March 2022 is 18 years (31 March 2021 18 years).

### 39. Contingent Liabilities

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 insureds cannot be worked out until all current and future claims have been settled. MMI may not have

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

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 unprovided claims MMI could ask for as at 31 March 2022 is £0.497m (31 March 2021 £0.447m).

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.

### 40. 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

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

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 £8.4m 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 2022 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 £3,650k (2020/21 £3,210k) outstanding from debtors, £2,269k (2020/21 £2,311k) is past due and this is analysed by age as follows:

31 March 2021 £'000	Trade Debtors Ageing	31 March 2022 £'000
899	Debtors not yet due	1,381
314	Less than 3 months overdue	509
99	3 to 6 months overdue	235
291	7 months to 1 year overdue	168
1,607	More than 1 year overdue	1,357
3,210		3,650

\*Prior year balances updated to include debtors not yet due

Receipts after 31 March relating to the balances above lead the Council to the opinion that adequate provision has been made for the impairment of trade debtors.

### Amounts arising from expected credit losses

The following table shows the movement in the impairment loss allowance from 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022.



# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

<b>Loss allowance by Asset Class 2021/22</b>	
Asset Class (amortised cost): Trade Debtors	Lifetime expected credit losses – simplified approach (for Trade Debtors only) £'000
<b>Opening balance as at 1 April 2020</b>	<b>223</b>
New financial assets originated or purchased	0
Amounts written off	0
Financial assets that have been derecognised (Repayment of debtors provided for in general & specific provision)	(34)
Changes due to modifications that did not result in derecognition (New Debtors)	6
Changes in models/risk parameters	28
Other changes	
<b>As at 31 March 2021</b>	<b>223</b>

<b>Loss allowance by Asset Class 2020/21</b>	
Asset Class (amortised cost): Trade Debtors	Lifetime expected credit losses – simplified approach (for Trade Debtors only) £'000
<b>Opening balance as at 1 April 2020</b>	<b>213</b>
New financial assets originated or purchased	0
Amounts written off	0
Financial assets that have been derecognised (Repayment of debtors provided for in general & specific provision)	(112)
Changes due to modifications that did not result in derecognition (New Debtors)	94
Changes in models/risk parameters	28
Other changes	
<b>As at 31 March 2021</b>	<b>223</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 £862k to be set aside as an allowance.

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

### 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 repayment of debt has been taken into account in the Housing 30 year business and £41.7m of the Housing Self Financing debt has so far been repaid on due dates. Additional HRA borrowing of £5m was required at the end of 2020/21 to fund the housing investment programme. The total HRA borrowing as at 31 March 2022 was £154.4m (£144.4m loans over 12 months and £10.0m loans 12 months and under).

During 2021/22 the Council borrowed £16m for the General Fund capital programme. There were two loans, the first £7m with a loan term of 7 years and the second £9m with a loan term of 35 years. The Council borrowed a further £2m for the Housing Revenue Account with a loan term of 10 years. All borrowing was from the PWLB and 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 2021 £'000	Maturity Analysis of Financial Liabilities	31 March 2022 £'000
10,210	Less than one year	13,215
13,000	Between one and two years	20,000
59,000	Between two and five years	62,000
89,916	Between five and ten years	80,916
6,500	Between ten and fifteen years	1,500
-	Between fifteen and twenty years	-
28,285	Greater than twenty years	37,070
<b>206,911</b>		<b>214,701</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.

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Accounts

### 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 0.12% and if interest rates throughout the year had been 0.5% higher this would have increased the amount of interest earned by £83k.

As mentioned above, all debt is at fixed interest rates ranging from 0.99% to 4.65% (for the longest-term debt), with a weighted average of 2.7%.

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.

### 41. Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets Held by the Authority							
	Exhibits	Silver	Civic Regalia	Cups and Trophies	Sculptures	War Memorials	Total Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation:</b>							
1 April 2020	4,691	363	162	575	38	434	6,263
31 March 2021	4,767	366	164	581	38	443	6,359
<b>Cost or valuation:</b>							
1 April 2021	4,767	366	164	581	38	443	6,359
Additions	-	-	-	-	-	-	-
Revaluation	102	4	1	6	-	14	127
31 March 2022	4,869	370	165	587	38	457	6,486

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.

# **St Albans City & District Council: Statement of Accounts 2021/2022**

## **Notes to the Accounts**

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

### **42. Heritage Assets – 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.

### **Preservation and Management**

#### **Acquisition and Disposal**

The general statements of policy on acquisition and disposal are set out in St Albans Museums Collection Policy 2019-2024 which is published on the museum service’s website (<https://www.stalbansmuseums.org.uk/>). These statements follow those published by Arts Council England as part of their accreditation scheme. The Museums’ governing body, the City & District of St Albans, have also adopted the ethical guidance issued by the Museums Association, the Code of Ethics for Museums.

#### **Preservation and Management – Collections Care**

St Albans Museum Service is responsible for two museums, both of which have full Arts Council England Accreditation status. This accreditation ensures the museum service adheres to a high level of collections care and that the collections are well-managed. Regular reviews and action plans are created as part of this accreditation process and reviewed every 5 years.

## **St Albans City & District Council: Statement of Accounts 2021/2022**

### **Notes to the Accounts**

The programme of remedial conservation work is guided by the requirements of the public programmes and the collection management action plans. A risk based approach is used to prioritise any conservation work for the collections that is not related to public programming priorities, primarily targeting objects that are not stable under the normal environment conditions that prevail within the museum buildings e.g. archaeological metalwork. Other remedial conservation work takes the form of targeted conservation linked to the collection care action plan.

## 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. Authorities charge rents to cover expenditure in accordance with regulations, this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

2020/21 £'000	Housing Revenue Account Income and Expenditure Statement	2021/22 £'000
	<b>Expenditure</b>	
4,663	Repairs and Maintenance	5,298
6,602	Supervision and Management	6,733
188	Rents, Rates, Taxes and other charges	554
7,744	Depreciation and impairment of non-current assets	8,382
5,960	Revaluation gains reversing prior year losses charged to the HRA	(1,101)
50	Debt Management costs	43
149	Movement in the allowance for bad debts	99
186	HRA services' share of Corporate and Democratic Core	217
<b>25,542</b>	<b>Total Expenditure</b>	<b>20,225</b>
	<b>Income</b>	
(26,869)	Dwelling rents	(27,425)
(1,120)	Non-dwelling rents	(1,118)
(639)	Charges for services and facilities	(708)
<b>(28,628)</b>	<b>Total Income</b>	<b>(29,251)</b>
<b>(3,086)</b>	<b>Net (Income)/Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement</b>	<b>(9,026)</b>
<b>(3,086)</b>	<b>Net (Income)/Cost of HRA Services</b>	<b>(9,026)</b>
	<b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement</b>	
(1,143)	Gain on sale of HRA non-current assets	(2,436)
5,759	Write-off of replaced asset components	6,175
4,656	Interest payable and similar charges	4,589
(5)	Interest and investment income	(5)
135	Net interest on the net defined benefit liability	183
(1,112)	Capital grants, contributions and other receipts	(265)
<b>5,204</b>	<b>(Surplus)/Deficit for the year on HRA services</b>	<b>(785)</b>

# St Albans City & District Council: Statement of Accounts 2021/2022

## Housing Revenue Account

### 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.

2020/21 £'000	Movement on the Housing Revenue Account Statement	2021/22 £'000
(9,031)	<b>Balance on the HRA at the end of the previous year</b>	<b>(3,871)</b>
5,204	(Surplus)/Deficit for the year on the HRA Income and Expenditure Statement	(785)
	<b>Adjustments between accounting basis and funding basis under statute</b>	
(5,955)	Transfer (from)/to the Capital Adjustment Account for the impairment of dwellings	1,080
9,000	Transfer to the Capital Adjustment Account for debt repayment provision	10,000
(2,000)	Loan repayment funded by MRR	(4,500)
(837)	Transfer from the Capital Adjustment Account for Revenue expenditure funded from capital under statute	(564)
(14)	Contribution from the Capital Receipts Reserve towards the administrative costs of non-current asset disposals	(20)
3,755	Revenue contribution to capital	411
1,243	Gain on sale of HRA non-current assets	2,462
(5,759)	Write-off of replaced asset components	(6,175)
988	Capital grants and Contributions	182
-	Other Capital Receipts	-
(224)	HRA share of contributions to or from the Pensions Reserve	(566)
<b>5,401</b>	<b>Net (increase)/decrease before transfers to or from</b>	<b>1,525</b>
(241)	<b>Transfers to/(from) reserves</b>	<b>88</b>
<b>5,160</b>	<b>(Increase)/decrease in year on the HRA</b>	<b>1,613</b>
<b>(3,871)</b>	<b>Balance on the HRA at the end of the current year</b>	<b>(2,258)</b>

## 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 4,914 dwellings on 31 March 2022:

31 March 2021	Number of Dwellings by Type	31 March 2022
	One bedroom dwellings	
326	- Houses and Bungalows	326
1,088	- Flats	1,086
	Two bedroom dwellings	
511	- Houses and Bungalows	507
928	- Flats	926
	Three bedroom dwellings	
1,887	- Houses and Bungalows	1,880
31	- Flats	31
	Four or more bedroom dwellings	
89	- Houses and Bungalows	89
69	Multi-occupied dwellings	69
<b>4,929</b>		<b>4,914</b>

On 31 March 2022 1.10% (2021 0.30%) of lettable properties were vacant.

The change in stock can be summarised as follows:

2020/21	Dwelling Stock Reconciliation	2021/22
4,909	Stock at 1 April	4,929
(10)	Less: Right to buy sales	(15)
14	Purchases	-
45	Newly constructed	2
(29)	Reclassified, disposed, demolished	(2)
<b>4,929</b>	Stock at 31 March	<b>4,914</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 1 April 2020,



## St Albans City & District Council: Statement of Accounts 2021/2022

### Notes to the Housing Revenue Account

then reviewed and adjusted for as at 31 March 2021. The valuation is at 'Existing Use Value – Social Housing' reduced to a factor to reflect social housing tenancies. The factors for surrounding regions are set by central government each year, and 35% for 2021/22 (35% in 2020/21) has been deemed by a Registered Valuer and Local Property Expert as appropriate for St Albans.

31 March 2021 £'000	Housing land, dwellings and other property	31 March 2022 £'000
618,640	Dwellings	634,924
8,678	Other land and buildings	8,645
9,622	Garages	10,451
3,508	HRA shops	4,507
1	Vehicles, Plant and Equipment	1
1,541	Assets under construction	3,771
641,990	<b>Total property plant and equipment</b>	<b>662,299</b>
1,376	Assets Held for Sale	1,012
643,366	<b>Total land, dwellings and other property</b>	<b>663,311</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.

At 31 March 2021 £'000	Vacant Possession Value	At 31 March 2022 £'000
1,649,202	HRA Dwellings	1,746,625

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Housing Revenue Account

### 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:

2020/21 £'000	Major Repairs Reserve	2021/22 £'000
(4,419)	Opening Balance 1 April	(4,337)
	Transfer to Reserve in year	
(7,625)	Depreciation Dwellings	(8,105)
(275)	Depreciation Non-Dwellings	(216)
(12)	Impairment of Non-Dwellings	
(5)	Other depreciation	(9)
(7,917)	<b>Sub-total</b>	<b>(8,330)</b>
5,999	Used to fund capital expenditure in year	6,429
2,000	Used to fund loan repayment in year	4,500
(4,337)	<b>Closing Balance at 31 March</b>	<b>(1,738)</b>

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Housing Revenue Account

### H3. Capital Expenditure

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

2020/21 £'000	Categories of Capital Expenditure	2021/22 £'000
191	Kitchens and bathrooms	191
1,079	External walls and roofing	1,079
1,345	Windows and doors	1,345
1,631	Heating, wiring and plumbing	1,631
751	Disabled Adaptations	751
770	Other	770
4,600	Property Purchases	4,600
<b>10,367</b>	<b>Council Dwellings Additions</b>	<b>10,367</b>
161	Other land and buildings	161
4,318	Social Housing Development	4,318
553	Disabled Facilities Grants	553
895	Other capital expenditure	895
<b>16,294</b>	<b>Total Capital Expenditure</b>	<b>16,294</b>

b) This was financed as follows:

2020/21 £'000	Financing of Capital Expenditure	2021/22 £'000
5,999	Major Repairs Reserve	5,999
2,562	Capital Receipts Reserve	2,562
2,308	Grants and contributions	2,308
3,755	Revenue Contribution to Capital	3,755
1,669	Borrowing	1,669
<b>16,294</b>	<b>Total Capital Funding</b>	<b>16,294</b>

c) The Council has capital contract commitments as at 31 March 2022 of £696k relating to Housing Investment Programme schemes (the Housing capital programme).

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Housing Revenue Account

### H4. Capital Receipts

The number of Council property sales was 15 (2020/21: 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.

2021/22 £'000	Capital Receipts	2021/22 £'000
2,342	Dwelling sales (subject to pooling)	3,950
30	Non-poolable receipts	765
<b>2,372</b>	<b>Gross capital receipts</b>	<b>4,715</b>
(14)	Less Costs	(20)
	<b>Payable to National Pool</b>	
(934)	For current year	(934)
<b>1,424</b>	<b>Retained Capital Receipts</b>	<b>3,761</b>

The Housing Capital receipt balance on 31 March 2022 was £5,680k (2020/21: £4,449k). £1m of this has been retained on condition that it will be spent on the provision of new affordable housing and the Council has plans to meet this condition.

### 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

2020/21 £'000	Depreciation	2021/22 £'000
7,518	Dwellings	7,999
107	Multi Occupancy Properties	106
5	Equipment, Vehicles and Intangibles	9
275	Garages	216
<b>7,905</b>	<b>Total Depreciation Charged to the HRA</b>	<b>8,330</b>

# St Albans City & District Council: Statement of Accounts 2021/2022

## Notes to the Housing Revenue Account

### 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 38 to the Core Financial Statements.

2020/21 £'000	Pension Costs	2021/22 £'000
	Net Cost of Services:	
586	- Current Service Cost	569
	Net Operating Expenditure:	
135	- Net Interest expense	183
<b>721</b>	<b>Net charge to the HRA</b>	<b>752</b>
	Amounts to be met from Government Grants and Local taxation:	
(224)	- Movement on pensions reserve	(566)
<b>497</b>	<b>Actual amount charged against Council tax for pensions in the year: Employer's contributions payable to the scheme</b>	<b>186</b>

### H7. Rent Arrears and Bad Debts

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

2020/21 £'000	Council Tenant Rent Arrears	2021/22 £'000
1,787	Arrears at 31 March	1,787
6.8%	Rent arrears as a percentage of gross rent income	6.6%

**St Albans City & District Council: Statement of Accounts 2021/2022**  
**Notes to the Housing Revenue Account**

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

2020/21 £'000	Bad Debt Provision	2021/22 £'000
695	Bad debts provision at 1 April	761
(98)	Debts written off in the year	(86)
164	Increase/(decrease) in provision	151
<b>761</b>	<b>Bad debt provision at 31 March</b>	<b>827</b>

**H8. Rent Rebates**

Assistance with rents for those on low incomes is available under the Housing Benefits Scheme. In 2021/22 28.8% (2020/21 31.8%) 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.

# St Albans City & District Council: Statement of Accounts 2021/2022

## 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.

2020/21			Collection Fund Income and Expenditure Account	2021/22			
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total	
£'000	£'000	£'000	Note	£'000	£'000	£'000	
			<b>Income</b>				
-	(115,522)	(115,522)	Council tax receivable	C1	-	(122,273)	(122,273)
	(727)	(727)	Transfer for Transitional Relief, S13A(1)(C) Reliefs			-	
(27,887)	-	(27,887)	Business rates receivable	C2	(47,523)	-	(47,523)
366	-	366	Less Transitional payment protection payable		330	-	330
<b>(27,521)</b>	<b>(116,249)</b>	<b>(143,770)</b>	<b>Total Income</b>		<b>(47,193)</b>	<b>(122,273)</b>	<b>(169,466)</b>
			<b>Expenditure</b>				
			<b>Precepts, Demands and shares:</b>				
5,907	88,841	94,748	Hertfordshire County Council		6,143	90,601	96,744
-	12,439	12,439	Police and Crime Commissioner for Hertfordshire		-	13,122	13,122
23,627	14,309	37,936	St Albans District Council (including Parishes)		24,572	14,459	39,031
29,533	-	29,533	Central Government		30,715	-	30,715
			<b>Charges to Collection Fund</b>				
183	-	183	Costs of collection		180	-	180
-	43	43	Write-offs of uncollectable amounts		-	112	112
2,027	660	2,687	Allowance for impairment		(191)	450	259
3,421	-	3,421	Provision for appeals		(2,724)	-	(2,724)
156	-	156	Enterprise Zone		112	-	112
			<b>Contributions towards previous year's estimated Collection Fund surplus/(deficit)</b>				
(7,384)	1,412	(5,972)		C3	(32,665)	185	(32,480)
<b>57,470</b>	<b>117,704</b>	<b>175,174</b>	<b>Total Expenditure</b>		<b>26,142</b>	<b>118,929</b>	<b>145,071</b>
<b>29,949</b>	<b>1,455</b>	<b>31,404</b>	<b>Movement on Fund balance</b>		<b>(21,051)</b>	<b>(3,344)</b>	<b>(24,395)</b>
10,924	(2,275)	8,649	Balance at 1 April brought forward		40,873	(820)	40,053
<b>40,873</b>	<b>(820)</b>	<b>40,053</b>	<b>Balance at 31 March carried forward</b>		<b>19,822</b>	<b>(4,164)</b>	<b>15,658</b>
			<b>Shares of balance</b>				
5,150	(623)	4,527	Hertfordshire County Council		1,982	(3,190)	(1,208)
-	(100)	(100)	Police and Crime Commissioner for Hertfordshire		-	(470)	(470)
16,172	(97)	16,075	St Albans District Council (included in		7,929	(504)	7,425
19,551	-	19,551	Central Government		9,911	-	9,911
<b>40,873</b>	<b>(820)</b>	<b>40,053</b>	<b>Total carried forward</b>		<b>19,822</b>	<b>(4,164)</b>	<b>15,658</b>

# St Albans City & District Council: Statement of Accounts 2021/2022

## Collection Fund Statement

### 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	594	0.67	398
B	between £40,001 and £52,000	1,829	0.78	1,427
C	between £52,001 and £68,000	7,072	0.89	6,294
D	between £68,001 and £88,000	13,535	1.00	13,535
E	between £88,001 and £120,000	11,674	1.22	14,242
F	between £120,001 and £160,000	8,625	1.44	12,419
G	between £160,001 and £320,000	7,413	1.67	12,380
H	over £320,000	1,246	2.00	2,492
		51,988		63,187
	Less adjustment for non-collection (2.5%)			(1,580)
	<b>Council Tax Base for 2021/22</b>			<b>61,607</b>
	Council Tax Base for 2020/21			62,821

Council Tax Levy at Band D by Precepting Council:

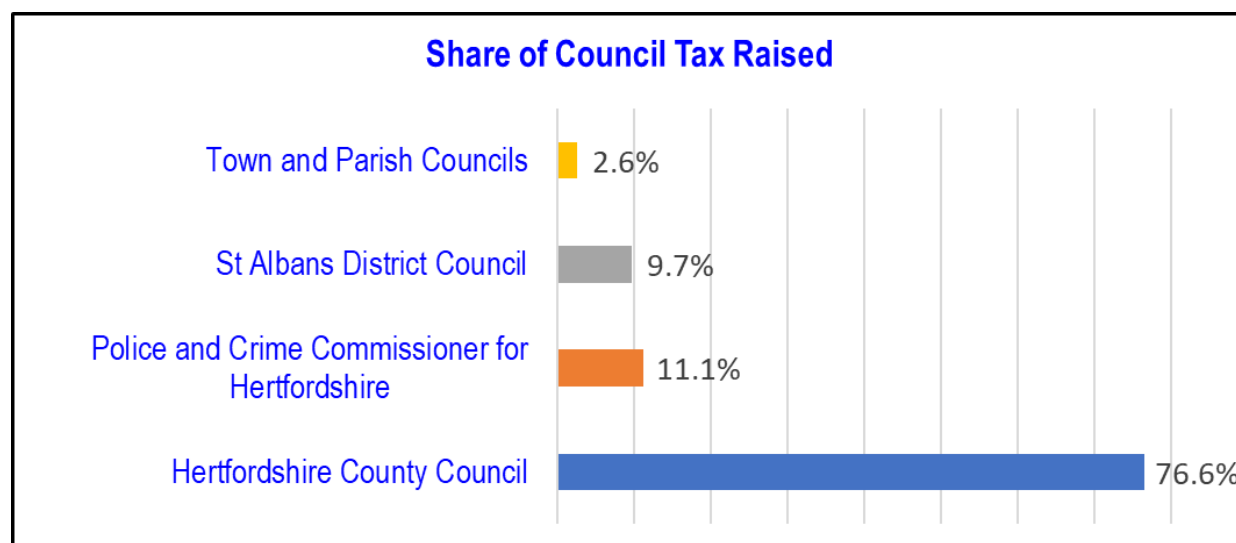
2020/21	Council Tax Levy at Band D	2021/22
£1,414.20	- Hertfordshire County Council	£1,470.63
£198.00	- Police and Crime Commissioner for Hertfordshire	£213.00
£181.89	- St Albans District Council	£185.41
£45.88	- Town and Parish Councils	£49.28
<b>£1,839.97</b>	<b>Average Council tax Levy at Band D</b>	<b>£1,918.32</b>



# St Albans City & District Council: Statement of Accounts 2021/2022

## Collection Fund Statement

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:

2020/21	Business Rate Factors	2021/22
£ 146,658,697	Rateable value at 31 March as notified by the Valuation Office Agency	£ 148,039,308
51.2	Business Rate multiplier	51.2
49.9	Small business rate multiplier	49.9

Business rate surpluses or deficits are distributed in accordance with the relevant proportions set out in the localised business rate regulations. From 2013/14 to 2018/19 and from 2020/21 50% of business rates collected in the area were/are retained locally (the Council retained 40% and Herts County Council 10%) and 50% returned to central government. From 1 April 2019-31 March 2020, the Council took part in the Hertfordshire Business Rates Pilot Scheme. The Council joined with all of the other councils in Hertfordshire, including Herts County Council, to retain 75% of business rates within the area with the remaining 25% paid to central government.

# St Albans City & District Council: Statement of Accounts 2021/2022

## Collection Fund Statement

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

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

2020/21			Precepting Authorities	2021/22		
Business Rates £'000	Council Tax £'000	Total £'000		Business Rates £'000	Council Tax £'000	Total £'000
(214)	1,101	887	Hertfordshire County Council	(4,329)	159	(4,170)
-	152	152	Police and Crime Commissioner for Hertfordshire	-	22	22
(3,041)	160	(2,881)	St Albans District Council	(12,889)	4	(12,885)
(4,129)	-	(4,129)	Central Government	(15,447)	-	(15,447)
<b>(7,384)</b>	<b>1,413</b>	<b>(5,972)</b>	<b>Total surplus/(deficit)</b>	<b>(32,665)</b>	<b>185</b>	<b>(32,480)</b>

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



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# **ST ALBANS CITY AND DISTRICT COUNCIL**

# **ANNUAL GOVERNANCE STATEMENT 2021-22 JULY 2022**

# St Albans City & District Council: Statement of Accounts 2021/2022

## Annual Governance Statement

### St Albans City and District Council – Annual Governance Statement 2021-22

#### 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. That public money is safeguarded and 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 2022, 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 2022/23.
- 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 of 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.

# St Albans City & District Council: Statement of Accounts 2021/2022

## Annual Governance Statement

- 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 2022 and up to the date of approval of the annual statement of accounts.

## 3. The Governance Framework

- 3.1 Key features of the Council's governance framework during 2021/22 included:
- i. **The Corporate 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.

At its December 2020 meeting Full Council approved the Council change from a Leader and Cabinet executive arrangement form of governance to a Committee form of governance arrangements, to take effect from the Annual Council meeting in 2021. The Council carried out the publicity and consultation requirements for the change of

# St Albans City & District Council: Statement of Accounts 2021/2022

## Annual Governance Statement

governance arrangements. Revisions to the Constitution to reflect the change of governance were made and presented to the Council at its meeting on 26 May 2021 and approved.

- 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 Committees** – (Policy Committee, Public Realm Committee, Housing & Inclusion Committee and Regeneration & Business Committee) are responsible for all decisions within their areas of responsibility, which are not otherwise delegated or which can only be taken by Council.
- vi. **Scrutiny Committee** – supports the work of the Service Committees and the Council as a whole. The committee takes an overview of all the activities that the Council is involved in and can decide to examine in depth (scrutinise) particular issues.
- vii. **Audit Committee** – this and the Standards Committee are Regulatory Committees. The Audit 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. Towards the end of 2021/22 CIPFA was commissioned to undertake a review of the Audit Committee, ensuring the Committee is aligned with good practice. The Council will act on the recommendations from CIPFA's report which was published in June 2022.
- viii. **Standards Committee** – promotes high standards of conduct and has responsibility for overseeing investigations of complaints against Councillors.
- ix. **Regulatory Committees** – ensure compliance to regulations
  - Licensing and Regulatory Committee
  - Licensing Sub Committee
  - Planning (Development Control) Committees: and
  - Planning Referrals Committee
- x. **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.
- xi. **The Chief Executive** – (Head of Paid Service) as part of the Strategic Leadership Team has delegated authority to take operational decisions within policies and budgets set by Council. The Director of Strategy, Policy and Transformation is the Deputy Chief Executive
- xii. **The Director of Customer, Business and Corporate Support** – is the Council's Section 151 Officer leading a finance service which promotes effective financial

# St Albans City & District Council: Statement of Accounts 2021/2022

## Annual Governance Statement

management so that public money is safeguarded and used economically, efficiently and effectively.

- xiii. The Solicitor to the Council** – acts as the Council's Monitoring Officer and 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.
- xiv. Strategic Leadership Team (SLT) (Previously the Chief Executive Board until April 2022)** – comprises the Chief Executive and three Strategic Directors and is responsible for the day-to-day management of the Council.
- xv. Risk Management** – a Corporate Risk Strategy overseen by SLT and Audit Committee.
- xvi. Standard committee report format** – that includes specific consideration of all legal, financial, professional, technical, risk management and equalities implications.
- xvii. Medium Term Financial Strategy** – which informs service planning and budget setting.
- xviii. A complaints procedure**
- xix. Internal Audit** - a risk-based approach to internal audit, emphasising the need for sound control, governance and risk management arrangements
- xx. Whistle blowing policy and process** – is currently being reviewed and sits alongside the anti-fraud, bribery and corruption strategy (last updated January 2022) outlining the Council's zero tolerance approach to fraud, bribery and corruption

## 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 audit. 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:

- Review of decision-making by Scrutiny Committee;
- The Standards Committee monitors and reports annually to Council on the operation of the Council's governance arrangements with regard to transparency and accountability;
- Annual reporting to Council on the work of the Audit Committee;
- Assurance checklists from managers and assurance statements from the Strategic Directors provide evidence that the key elements of the system of internal control are operating effectively;
- The work of Internal Audit including the Annual Report of the Internal Audit Manager which provides assurance in this regard is overseen by the Audit Committee;

# St Albans City & District Council: Statement of Accounts 2021/2022

## Annual Governance Statement

- 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;
- A comprehensive risk management process ensures that key operational and strategic risks across the Council are captured and reported to senior managers and the Audit Committee;
- Consideration of this document by the SLT with reference to the wider aspects of governance; and
- Significant governance issues from previous years and from 2021/22.

### **5. Impact of coronavirus on the Council's governance arrangements for 2021/22**

- 5.1 As a result of the pandemic during 2020/21 the majority of staff worked from home. Council meetings were held virtually and were still open to the public. Regulations which allowed authorities to meet remotely ceased after 6 May 2021, and since then all decision making meetings have been held in person.
- 5.2 During 2021/22 the majority of staff have continued to work from home but since April 2022 there has been expectation that staff come into the office at least two to three days a week, dependent on role.
- 5.3 Throughout 2021/22 key Council services, including all statutory ones, continued despite coronavirus although some processes were amended to allow for remote working, for example allowing approval by email instead of a wet signature and discussed with Internal Audit and Legal prior to adoption. Some services continued to be paused during the first part of 2021/22 including leisure services. Some new activities started in 2020/21 continued, for example distribution of the government's Covid related business and discretionary grants by the Revenues and Benefits service.

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

- 6.1 Despite coronavirus this AGS demonstrates that the Council's governance arrangements have remained fit for purpose during 2021/22. There has been no significant detriment on the Council's ability to deliver its services as a result of coronavirus.
- 6.2 The SLT has undertaken an assessment of the arrangements for governance during 2021/22 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.



# St Albans City & District Council: Statement of Accounts 2021/2022

## Annual Governance Statement

### 7. Governance Issues Identified

- 7.1 This final part of the AGS outlines the actions taken, or proposed, to deal with significant governance issues identified. The Council's SLT, 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 2021/22 AGS**

Key improvement/review area identified in the 2020/21 AGS	Action taken in 2021/22 to address the issue
<p><b>Ensuring the health and safety of staff, partners and the public in the way it delivers its services</b></p> <p>As in 2020/21 the Council will keep under review Health and Safety measures both within the Council and across the district to ensure government legislation and guidance is being followed regarding the country's recovery from Covid, especially where the Council is delivering its services. In addition, ensuring that Health and Safety requirements remain satisfactory while staff continue to work from home.</p>	<p>The majority of staff continued to work from home during 2021/22, but since April 2022 have been encouraged to come in more regularly. Safe working practices continue to be a priority for the Council.</p>
<p><b>Financial Resilience and Financial Management Code review</b></p> <p>2020/21 saw the introduction of CIPFA's Financial Management Code 2019. A key goal of the Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management.</p> <p>An assessment will be undertaken to ensure the Council can demonstrate compliance with the Code. Or if there are deficiencies, develop an action plan to address these.</p> <p>In addition, the financial planning process, and the Council's Medium-Term Financial Strategy in particular, will be kept under</p>	<p>The Code review will be progressed during 2022/23. The Council's finances continue to be actively managed and the Medium Term Financial Strategy was approved by full Council on 23 February 2022</p>

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## Annual Governance Statement

Key improvement/review area identified in the 2020/21 AGS	Action taken in 2021/22 to address the issue
<p>review as the Council seeks to restore financial stability and maintain sustainability in the longer term.</p>	
<p><b>Restructure</b> As the Council embarks on its restructure (both in terms of the Cabinet and Committees and for officers) it is important there is no deterioration in the Council's governance framework. This includes the Council's scheme of delegation (which was one of the themes coming out of the Service Assurance Statements). The Chief Executive Board will be receptive to this and seek advice, guidance and assurances as required, including from Internal Audit.</p>	<p>The three Strategic Directors are now in post and working well together in conjunction with the Chief Executive as the Strategic Leadership Team. The Scheme of Delegation has been amended to take account of the change from Heads of Service to Strategic Directors.</p>
<p><b>Common themes from the Service Assurance Statements were:</b></p>	
<p><b>Risk Management</b> There is a need to further embed risk management and ensure that this now works from the bottom up as well as top down. Arrangements have been made for risk management training to be available to all staff.</p>	<p>Work has continued in year to review and strengthen the Council's risk management framework. Now the Strategic Directors are in post, SLT (with the assistance of an external facilitator) is undertaking a fundamental review of the Council's corporate risks in June 2022. The outcomes from this will feed into the service risk registers.</p>
<p><b>Financial training/awareness</b> There was a general consensus that officers would welcome guidance and training on the Council's Financial Regulations, Contract Standing Orders, budget and financial monitoring, and anti-fraud awareness. There will be a joined-up approach between Finance, Procurement, HR and Internal Audit to ensure this is both proportionate and targeted.</p>	<p>Mandatory anti-bribery training has continued throughout 2021/22. The other training will be progressed during 2022/23.</p>

# St Albans City & District Council: Statement of Accounts 2021/2022

## Annual Governance Statement

Key improvement/review area identified in the 2020/21 AGS	Action taken in 2021/22 to address the issue
<p><b>Business Continuity Planning</b></p> <p>The Business Continuity Plans are to be tested and further work will continue to ensure that these remain robust as the new operating model for the Council is adopted.</p>	<p>This will be progressed now the outcomes of the 2021/22 Internal Audit of business continuity are known. Progress against the audit recommendations will be monitored by the Audit Committee and therefore this issue does not need to appear in the action plan for this year (table 2).</p>

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

**Table 2: Areas for improvement or monitoring during 2022/23**

Key improvement/review area identified in the 2021/22 AGS	Action to be taken in 2022/23 to address the issue
<p><b>Economic issues</b></p> <p>At the time of writing this AGS, both national and global events have led to a very volatile economic situation.</p> <p>Exceptional increases in inflation are being seen and the availability of raw materials and other inputs is a problem globally. This has a direct impact on the Council in terms of potential cost increases including major works and projects. There may also be an indirect consequence with a potential increase in demand by those accessing Council services</p>	<p>Implications are being monitored with mitigating strategies being developed and implemented by SLT. These will feature as key considerations in the reports presented to Policy Committee throughout 2022/23 and in the development of the MTFS (Medium Term Financial Strategy) for 2023/24 and future years.</p>
<p><b>Statement of Accounts</b></p> <p>Nationally, councils continue to have difficulty getting their final accounts audited. This is the same for St Albans</p>	<p>The Council continues to work with its External Auditors to resolve the current issues and a timetable has been agreed. The Audit Committee continues to be kept abreast of progress.</p>
<p><b>Financial Resilience and Financial Management Code review</b></p> <p>Rolled over from last year following from</p>	<p>An assessment will be undertaken to ensure the Council can demonstrate compliance with the Code. Or if there</p>

# St Albans City & District Council: Statement of Accounts 2021/2022

## Annual Governance Statement

Key improvement/review area identified in the 2021/22 AGS	Action to be taken in 2022/23 to address the issue
<p>the 2020/21 introduction of CIPFA's Financial Management Code 2019. A key goal of the Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management.</p>	<p>are deficiencies, an action plan developed to address the issues.</p> <p>In addition, the financial planning process, and the Council's Medium-Term Financial Strategy in particular, will be kept under review as the Council seeks to restore financial stability and maintain sustainability in the longer term.</p>
<p><b>Local Code of Governance</b></p> <p>It is important that the Council keeps its governance arrangements up to date and relevant. Its Local Code of Governance has not been formally reviewed (for several years) to ensure it reflects the key components set out in the framework produced in 2016 by CIPFA (Chartered Institute of Public Finance and Accountancy) entitled 'Delivering Good Governance in Local Government'</p>	<p>The Council's Local Code of Governance will be reviewed in line with good practice and presented to the Audit Committee</p>
<p><b>CIPFA review of the Audit Committee</b></p> <p>Towards the end of 2021/22 CIPFA undertook a review of the operation of the Council's Audit Committee as the Council was considering the way in which the Committee operated following concerns raised by some Committee members. It was also looking for ways to improve the operation of the Committee.</p>	<p>Implement the recommendations made in the 23 June 2022 CIPFA review of the Audit Committee report</p>
<p><b>Common themes from the Service Assurance Statements were:</b></p>	
<p><b>Risk Management</b></p> <p>Further work is required to develop and embed operational processes</p>	<p>The risk registers have been reviewed and consolidated under the new three directorates. A fundamental review of the corporate risks is taking place in June 2022.</p>
<p><b>Training and awareness</b></p> <p>A number of areas where further training and awareness was identified in the checklists include budgetary</p>	<p>There will be a joined-up approach between Finance, Procurement, HR and Internal Audit to identify what further training is required. The</p>

# St Albans City & District Council: Statement of Accounts 2021/2022

## Annual Governance Statement

Key improvement/review identified in the 2021/22 AGS	area	Action to be taken in 2022/23 to address the issue
control/financial monitoring, project management and Financial Regulations		training will be both proportionate and targeted

- 7.3 The SLT will oversee this action plan over the coming year and report on progress to the Audit Committee. The SLT 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: \_\_\_\_\_ Date: 12 July 2022

Chris White (Leader of the Council)

Signed: \_\_\_\_\_ Date: 12 July 2022

Amanda Foley (Chief Executive)

# **St Albans City & District Council: Statement of Accounts 2021/2022**

## **Independent Auditor's Report**

The 2021/22 audit report will be issued once the audit of the accounts has been completed.

## Glossary of Terms

While the Council makes every effort to make the Statement of Accounts as simple as possible, it is necessary to comply with accounting regulations and standards and as such terms and phrases not in ordinary usage are necessary. This glossary explains some of the main accounting terms and phrases used in the Statement of Accounts.

### Accounting Policies

The principles, bases, conventions, rules and practices the Council applies that specify how the effects of transactions and other events are to be reflected in the financial statements.

### Accounting Period

The period of time covered by the statements/reports/accounts (*e.g. financial year*).

### Accounts

Statements setting out records of income and expenditure.

### Accrual

A sum included in the accounts to cover spending on goods or services received during the accounting period for which payment has not been made by the year end.

### Actual Expenditure and Income

Costs incurred/income attributable to an accounting period, as opposed to budgeted expenditure and income.

### Actuarial Gains and Losses

A pension fund actuary is a business professional who deals with the financial impact of risk and uncertainty relating to, for example, assumptions on mortality rates and future investment growths. The actuary calculates changes in gains and losses, which, for a defined benefit pension scheme, arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses).
- The actuarial assumptions have changed.

### Asset

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

# St Albans City & District Council: Statement of Accounts 2021/2022

## Glossary of Terms

### **Budget**

The representation in financial terms of an organisation's policy for a specified period of time.

### **Business Rates**

Sometimes referred to as National Non-Domestic Rates (NNDR) these are rates charged on properties other than domestic properties. The business rate 'multiplier' or 'poundage' is set annually by Central Government and is a flat rate throughout England.

### **Capital Expenditure**

Expenditure on the acquisition of assets such as land, buildings and equipment which will benefit more than one accounting period and expenditure on refurbishment of existing assets that will increase the value of an extend the life of those assets.

### **CFR – Capital Financing Requirement**

This was introduced in accordance with the Local Government Act 2003 and associated regulations. It measures the net capital indebtedness of a Council. It increases when capital expenditure is financed by borrowing (*whether internal or external*) and reduces by the amount of Minimum Revenue Provision applied. It is split into Housing and other (General Fund) elements.

### **Capital Receipts**

Income derived from the disposal of capital assets. In accordance with legislation a proportion of the value of the disposal of housing assets must be paid into the Government's National Pool. The balance can be used for re-investment in capital programmes.

### **Cash Equivalent**

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Council has defined 'short term' as being under 3 months.

### **Central Services Charges (Support Services)**

Charges made to reflect the support provided to service departments by the central departments. This includes financial, legal, estates, audit, purchasing, human resources, information technology, corporate policy and general administrative support. Also called Central Establishment Charges.



# **St Albans City & District Council: Statement of Accounts 2021/2022**

## **Glossary of Terms**

### **CIPFA**

Chartered Institute of Public Finance and Accountancy – the professional body for accountants in the public sector.

### **(The) Code**

This is the code of practice on Local Authority accounting in the United Kingdom issued by the professional accounting body for the Public Sector – CIPFA. It sets out the rules on how to prepare the Statement of Accounts and the disclosure requirements.

### **Contingency**

A sum set aside in the budget to provide for foreseen, but unquantifiable future commitments, or for unforeseen expenditure which may become necessary.

### **Collection Fund**

A fund administered by charging authorities into which Council Tax income and Business Rates collected locally is paid. Precepts, demands and shares are paid from the fund and allowable costs charged. The balance on the fund is shared between the precepting bodies and taken into account in distribution in future years.

### **Collection Fund Adjustment Account**

This account holds the difference between the income included in the Consolidated Income and Expenditure Account and the amount required by regulation to be credited to the General Fund.

### **Community Assets**

Assets that a local Council intends to hold in perpetuity and for the benefit of the whole community that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks, cemeteries and allotments. The value of the assets in the Balance Sheet is usually nil.

### **Council Tax**

This is a local tax set by local Councils to help pay for local services.

### **Counterparty Lists and Limits**

The Counterparty list of institutions that the Council will place excess funds with and limit is the monetary limit to be placed with either a specific institution or a class of institutions. The list and limits is based on criteria in the Treasury Management System approved at least annually by full Council.

# St Albans City & District Council: Statement of Accounts 2021/2022

## Glossary of Terms

### **Creditor**

An amount owed by the Council for work done, goods received, or services rendered to the Council within the accounting period and for which payment has not been made at Balance Sheet Date.

### **Debtor**

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

### **Depreciation**

Depreciation is a measure of the wearing out, consumption or other reduction in the useful economic life of assets, whether from use, passage of time or obsolescence through technology and market changes.

### **Exceptional Items**

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

### **Expenditure**

Amounts paid for goods and services received.

### **External Auditors**

Auditors appointed to carry out independent examinations of the activities and accounts of local authorities.

### **Fees and Charges**

Income arising from direct charges made to users of services (e.g. car parks, building control, markets, etc).

### **Final Accounts**

Accounts prepared relating to an accounting period.

### **Financial Year (also referred to as Fiscal Year)**

The annual period of accounting (1 April to 31 March for local authorities).

### **Financial Regulations**

A written code approved by a Council to provide a framework within which its financial affairs are conducted.

### **FRS – Financing Reporting Standard**

# **St Albans City & District Council: Statement of Accounts 2021/2022**

## **Glossary of Terms**

A statement of accounting practice issued by the Accounting Standards Board.

### **General Fund**

An account showing the cost of carrying out the Council's functions/activities other than housing.

### **Going Concern**

The concept that the authority will remain in operational existence for the foreseeable future, in particular that the income and expenditure accounts and Balance Sheet assume no intention to curtail significantly the scale of operations.

### **Government Grants**

Assistance by Government and inter-Government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to a Council in return for past or future compliance with certain conditions relating to the activities of the Council.

### **Gross (Expenditure/Income)**

The term gross indicates that there has been no setting off income against expenditure or vice-versa. They are the total amounts received or spent.

### **Housing Benefits**

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

### **Housing Revenue Account (HRA)**

An account showing expenditure incurred and income received in connection with managing and maintaining the Council's housing stock.

### **IFRS – International Financial Reporting Standards**

A combination of authoritative standards (set by policy boards and the accepted methods of accountancy). The idea behind IFRS is to ensure that financial accounting information is assembled and reported objectively to a certain standard, so ensuring that data is accurate and comparable between organisations.

# St Albans City & District Council: Statement of Accounts 2021/2022

## Glossary of Terms

### Impairment

The diminution in value of an asset due to 'consumption of economic value' (e.g. physical damage or wearing out).

### Income

Amounts due to the Council which have been, or are expected to be, received.

### Infrastructure Assets

Expenditure on works of construction or improvement but have no tangible value, such as construction or improvement to highways and footpaths.

### Inventories

Comprise the following categories

- Goods or other assets purchased for resale;
- Consumable stores;
- Raw materials and components purchased for incorporation into products for sale;
- Products and services in intermediate stages of completion;
- Long term contract balances; and
- Products for sale; finished goods

### Investments

A long term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments which do not meet criteria are short term investments and are qualified as current assets.

### Liabilities

Amounts owed by the Council for goods or services received.

### Liquid Resources

Liquid Resources are current asset investments held as cash or that are quickly and easily convertible into cash.

### Local Authority Business Growth Initiative (LABGI)

The Local Authority Business Growth Incentive (LABGI) is a government grant designed to give local authorities an incentive to encourage local economic and business growth.

### Minimum Revenue Provision (MRP)

This is the amount prescribed by legislation, that local authorities have to set aside annually to repay their capital debt. There is no statutory requirement to

# St Albans City & District Council: Statement of Accounts 2021/2022

## Glossary of Terms

provide for the repayment of HRA debt but the Council makes voluntary contributions equivalent to the debt repayment schedule.

### **Net (Expenditure/Income)**

The term 'net' indicates that expenditure has been set off against or combined with income to give a combined result. If income is greater than expenditure then netting the two will give a net income.

### **Non-Current Assets**

Tangible assets that yield benefits to the Council for a period of more than one year.

### **Operational Assets**

Non-Current Assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

### **Outturn**

Actual expenditure and income for the whole financial year.

### **Performance Plan**

An annual report outlining the Council's performance against targets and performance indicators.

### **Post Balance Sheet Events**

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

### **Precepts**

The levy made by one Council on another. Hertfordshire County Council and the Police and Crime Commissioner for Hertfordshire, who do not administer the council tax system, each levy an amount on the Council, which collects the required income from local taxpayers on their behalf.

### **Provisions**

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

### **Public Works Loan Board (PWLB)**

A government agency established to provide long-term loans to local authorities to finance part of their capital expenditure.

## Glossary of Terms

### **REFCUS – Revenue Expenditure Funded from Capital Under Statute**

This is expenditure that does not fall within the Code's definition of Non-Current Assets, but is classified as expenditure for capital purposes with respect to the prudential framework. Examples are home improvement grants, and grants to housing associations to build or buy houses.

### **Related Party Transactions**

The objective is to identify any transactions which may have taken place as a result of the control or influence exercised by one party over another. The concern is that such transactions may not be, or may not be perceived to be, in the best interest of the Council.

### **Rent Allowances**

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

### **Rent Rebates**

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

### **Reserve**

A reserve can be established by contributions with a view to defraying expenditure in future years. Reserves may be established for specific purposes (*for example repairs and renewals*) or for general purposes.

### **Revenue Expenditure**

Spending on day-to-day items including salaries and wages, premises costs and running costs (*e.g. supplies and services*).

### **Revenue Support Grant**

Central Government Grant towards the cost of Local Council Services.

### **Specific Grant**

A grant paid by central government or other bodies towards the cost of a specific service. The grant is only received if the money is spent on the services specified.

### **Total Cost**

The total cost of a service or activity reflects all associated costs and exists in both gross and net terms.

**Glossary of Terms**

**Trading Account**

A statement detailing expenditure and income for a discrete activity.

**Variance**

A difference between the amount budgeted for an item or service and the actual income or expenditure on that item or service.