

**St Albans City & District Council: Statement of Accounts 2022/2023**



**Statement of Accounts  
2022/23**

# St Albans City & District Council: Statement of Accounts 2022/2023

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# St Albans City & District Council: Statement of Accounts 2022/2023

## Introduction

### Presentation of the accounts

As the Council's Chief Finance Officer (S151 Officer) I am pleased to present a Statement of Accounts for St Albans City and District Council for 2022/23.

In common with most councils, these accounts are yet to be audited 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 & Governance Committee will consider the results of in the first meeting following its completion, and once fully approved, we will be able to finalise these accounts.

DocuSigned by:  
  
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Linda Parker CIPFA  
Assistant Director – Finance  
Section 151 Officer  
Date: 30 January 2025

# St Albans City & District Council: Statement of Accounts 2022/2023

## Introduction

### Our priorities

An update is set out below:

#### Combat the climate emergency

Priority Project	Status
Adopt an energy strategy for Council housing stock using Government grant funding and funding from the Housing Revenue Account	Completed
Progress the installation of solar PV panels on additional Council buildings.	The Council's budget setting in February confirmed continuation of the feasibility and design phases to install PV panels at Sandridge Gate Business Centre and Verulamium Museum.
Progress the River Ver and Verulamium Lakes development project	<p>The Environment Agency and their design contractor, Jacobs, have completed ground investigations in the area of Reaches 2 and 3 of the river – from the Causeway up to Cottonmill Allotments. This included a ground penetrating radar survey of the meadows opposite Westminster Lodge and Abbey View running track, several archaeological test pits, and ground core sampling at the site of the replacement footbridge crossing the river in Reach 3 (Holywell Hill up to the Allotment).</p> <p>The analysis will support development of the detailed designs and feed into the planning application. In Reach 1 (Bell Meadow between St Michaels Street and the small lake) quotes have been obtained to carry out the survey requested by Historic England as part of the planning process. This will allow the project team to identify the course of the new river.</p>
Complete review of cleaning schedules on strategic routes and review litter bin provision	'A' roads night cleaning is due to be scheduled. The laybys are being monitored and cleanliness improved.
Implement measures and actions in the Council's Litter Management Strategy	Litter bin strategy to be presented to the Public Realm Committee meeting on 21 June 2023.
Progress the new Local Plan	The Local Plan Advisory Group (LPAG) meeting on 13 September agreed a new Local Plan timetable showing Regulation 18 formal public consultation July-September 2023.
Publication of a Local Cycling and Walking Infrastructure Plan (LCWIP)	Draft LCWIP public consultation closed on 20 March 2023 after a six-week period.

## St Albans City & District Council: Statement of Accounts 2022/2023

### Introduction

	Responses will be considered and a proposed final LCWIP taken forward - likely in Autumn / Winter 2023.
Take forward the Sustainability and Climate Crisis Strategy and Action Plan. Themes: governance and leadership; energy use; transport and air quality; waste; nature and food; water and climate change adaptation	<p>Progress is reported against specific work streams in the Sustainability Tracker which is updated monthly.</p> <p>Updates are published on the Council website at: <a href="https://www.stalbans.gov.uk/sites/default/files/attachments/060122%20Sustainability%20Tracker.pdf">https://www.stalbans.gov.uk/sites/default/files/attachments/060122%20Sustainability%20Tracker.pdf</a>.</p>

### Deliver more social housing

Priority Project	Status
Complete development at the St Albans City Centre Opportunity Site (CCOS) South: 33 apartments for social rent; 60 apartments for sale; 6,064 square metres of office space; 100 car parking spaces	Anticipated completion is now mid-July 2023.
Continue to progress the redevelopment of Ridgeview in London Colney to provide a phase 2 development of 24 market rent apartments	Phase 2 development on hold.
Housing Asset Upgrades: New Grade A boilers in 280 properties; new windows and doors in 100 properties; new bathrooms and kitchens in 180 properties; loft insulation, solar panels and cavity walls in 150 properties identified from the Council's stock condition survey and energy pilot studies	Completed.
Complete the social housing development of 6x2-bedroom flats and 6x3-bedroom houses at The Hedges site, Woollam Crescent, St Albans	Project delayed but new contractor now secured (April 2023) and project progressing. Drainage planning condition discharged.
Complete the social housing development of two 4-bedroom houses, eleven 3-bedroom houses, and one 2-bedroom bungalow at the former King Offa site, St Albans	The development was affected by the contractor going into administration. The Council has recommenced the procurement process for a new contractor.
Progress feasibility study on 3 sites for future social housing development	Contractor appointed to work on Drakes Drive/Frobisher Road garage site project.

## St Albans City & District Council: Statement of Accounts 2022/2023

### Introduction

#### Enhance local business

Priority Project	Status
Develop a new economic development and regeneration strategy.	Strategy drafted. Input from partners and consultation to be undertaken.
Progress development at the St Albans City Centre Opportunity Site (CCOS) North (subject to planning approval)	As per recommendations approved by the Regeneration & Business Committee in January 2023, CCOS North is now paused.

#### Support our communities

Implement a new operating model for the Council which supports the delivery of a more sustainable organisation, using digital technologies to support a more flexible and mobile workforce; reduced and better use of Council office space; and the continuing development of online services for residents (includes implementation of the Council's 'Digital and ICT Strategy' and 'Customer Engagement Strategy')	<p>Phone system integration with Salesforce is being tested. Once fully operational it will allow the Customer Services team to see whether a caller has a MyStAlbans District Account before the call is answered. This will be rolled out fully in Quarter 2 of 2023-24.</p> <p>Officers are working on a new call flow process to handle Council Tax queries in the MyStAlbans platform (rather than through email) to be launched in Q2. This will allow the Customer Services team to pass cases rather than calls to the back office and help to improve efficiency and customer experience.</p>
Progress the development of Harpenden Public Halls	A planning brief to inform valuation of Harpenden Public Halls site prior to disposal has been produced.
Progress the redevelopment of Fleetville Community Centre for anticipated delivery in November 2023	Project paused pending a review of funding options.
Complete the procurement of the leisure management contract with the aim of achieving an outcome that maintains high quality, popular leisure facilities which generate income for the Council	Completed.
Explore feasibility and funding options for providing a new activity park in St Albans.	This project has been paused due to financial pressures and is not budgeted for in the current financial year.

## St Albans City & District Council: Statement of Accounts 2022/2023

### Summary of the Council's Financial Performance in 2022/23

#### 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.

<b>General Fund Comparison of Actual to Budget 2022/23</b>				
	Note	Budget £'000	Actual £'000	Variance £'000
<b>Net Cost of Directorate</b>				
Customer, Business and Corporate	(i)	5,997	5,133	-865
Community and Place Delivery	(ii)	7,734	9,503	1,769
Strategy Policy and Transformation		2,318	2,319	1
Non Departmental Costs	(iii)	68	345	277
<b>Net Council Budget</b>		<b>16,116</b>	<b>17,299</b>	<b>1,183</b>
<b>Funded by:</b>				
Council Tax		12,066	12,066	0
Retained Business Rates		2,362	2,603	-241
Collection Fund Surplus		174	178	-4
New Homes Bonus and Other Grants		1,514	1,515	0
<b>Total Income</b>		<b>16,116</b>	<b>16,361</b>	<b>-244</b>
<b>Budgeted Contribution from General Balances and (Surplus) / Deficit for the Year</b>				
		<b>0</b>	<b>937</b>	<b>937</b>

The significant variances were as follows:

- (i) Higher net interest receivable
- (ii) - Lower Leisure Management Fee Income, mainly the result of higher utility costs
  - Planning Fee Income less than budget
  - A rise in temporary accommodation costs due to increased homelessness
- (iii) Redundancy and Pension strain costs associated with Former Heads of Service funded by the General Reserve



## St Albans City & District Council: Statement of Accounts 2022/2023

### Summary of the Council's Financial Performance in 2022/23

#### Housing Revenue Account results compared to budget

	Note	Budget £'000	Actual £'000	Variance £'000
Income	(i)	31,392	30,738	654
Staff Cost	(ii)	3,242	3,534	293
Other Expenditure	(iii)	22,694	24,007	1,313
Net Interest Paid	(iv)	4,413	4,117	-296
Contribution from MRR to fund Debt Repayment	(v)	-1,104	-2,200	-1,096
<b>(Surplus) / Deficit for the Year</b>		<b>-2,147</b>	<b>-1,280</b>	<b>867</b>

The significant variances were as follows:

- (i) Income: Rental income for new properties received later than originally forecast
- (ii) Other Expenditure: As a result of utility, insurance, and legal costs higher than budget and the accounting treatment of impairment of assets
- (iii) Net Interest Paid: due to lower borrowing in the period
- (v) Contribution from Major Repairs Reserve (MRR) to fund debt repayment

#### 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.

## St Albans City & District Council: Statement of Accounts 2022/2023

### Summary of the Council's Financial Performance in 2022/23

<b>SERVICE</b>	<b>Budget £'000</b>	<b>Actual £'000</b>	<b>Variance £'000</b>
Housing Investment Programme (HRA)	11,743	7,957	(3,786)
Housing Investment Programme (Affordable Housing)	3,502	3,145	(357)
Regeneration and Business	17,726	16,916	(810)
Public Realm	985	885	(100)
Policy	447	247	(200)
Housing (General Fund)	1,483	759	(724)
<b>Total</b>	<b>35,886</b>	<b>29,909</b>	<b>(5,976)</b>
<b>This Capital Programme was financed as follows:</b>			
Capital receipts (General Fund)	4,575	522	(4,053)
Major repairs reserve	9,018	2,214	(6,804)
Government grants and third party contributions	4,665	2,390	(2,275)
Revenue contribution to capital expenditure	15	58	43
Prudential borrowing	15,116	22,443	7,327
Capital Receipts (Housing)	2,497	1,531	(966)
<b>Total</b>	<b>35,885</b>	<b>29,158</b>	<b>(6,728)</b>
<b>APPROVED CAPITAL EXPENDITURE FOR THE FOLLOWING YEARS IS:</b>			
	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	
General Fund	10,860	9,908	
Housing investment programme	37,314	25,089	
<b>Total Capital Expenditure</b>	<b>48,174</b>	<b>34,997</b>	
<b>Financed by:</b>			
Borrowing requirements	7,859	7,127	
Major repairs reserve	9,011	9,462	
Revenue contribution to capital expenditure	320	-	
Grants and contributions	10,096	6,646	
Capital reserves / receipts	20,887	11,762	
<b>Total</b>	<b>48,174</b>	<b>34,997</b>	

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

- £12.6m on Jubilee Square (formerly City Centre Opportunity Site)
- £1.4m on Noke Shot
- £1m 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, and IT equipment and infrastructure.

## **St Albans City & District Council: Statement of Accounts 2022/2023**

### **Summary of the Council's Financial Performance in 2022/23**

Spend on General Fund capital schemes was £1.8m below the budget in 2022/23, the main reasons being:

- £1.2m related to Jubilee Square, the budget was rephased into 2023/24
- £0.7m on Disabled Facilities Grant, the budget was re-phased into 2023/24

The Housing (HRA) capital spend was £11.1m against a budget of £15.2m. The main areas of spend were:

- £9.1m on the housing stock on items such as bathrooms, kitchens, windows, and doors; other planned improvements and reactive preventative works.
- £1.0m on Affordable Homes.
- £0.9m on a grant to a Housing Association

The Housing capital budget was underspent by £4.1m and the main reasons being:

- £0.9m on Social Housing Decarbonisation programme. The programme commenced later, and the budget was rephased to 2023/24.
- £1.5m on Affordable Housing due to delays in works starting at King Offa, The Hedges, Mitchel Close and Frobisher Road Garage Site. Works were delayed at The Hedges and King Offa due to the original contractor going into administration. The programmed budgets were rephased to 2023/24.

The remainder of the underspend is spread across a variety of projects.

## St Albans City & District Council: Statement of Accounts 2022/2023

### Summary of the Council's Financial Performance in 2022/23

#### 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 £13.6m (2021/22 £24.4m surplus) reducing the cumulative deficit of £15.7m to £2.1m. Under the Business Rates Retention Scheme introduced in 2013/14, amounts are paid to precepting bodies on estimates at the beginning of the year. Any over or under payments are accounted for in subsequent year's estimates.

	Business Rates £'000	Council Tax £'000	Total £'000
Collection Fund Balance as at 31/03/23 of which:	6,140	(4,079)	2,062
St Albans District Council (surplus)/deficit share	2,456	(492)	1,964

The Council paid a deficit of £6.3m to the Collection Fund in respect of business rates. This was offset by a draw-down from the Business Rates Equalisation Reserve from balances transferred to that reserve in 2021/22 specifically for this purpose.

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

## **St Albans City & District Council: Statement of Accounts 2022/2023**

### **Summary of the Council's Financial Performance in 2022/23**

#### **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 £14.3m (2021/22: £52.3m). 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 2022/23 was 18.5% per the 3 years of the 2019 valuation, with a lump sum payment of £1.54m (2021/22: £1.5m).

# St Albans City & District Council: Statement of Accounts 2022/2023

## Introduction to the Statement of Accounts

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

## Core Financial Statements

- **Comprehensive Income and Expenditure Statement (CI&ES)** – a summary of the resources generated and consumed by the Council in the year in accordance with generally accepted accounting practices. The format reflects the way we budget and report to management, which is in accordance with revisions to the code of accounting practice.
- **Balance Sheet (BS)** – shows the Council's balances, reserves and long-term indebtedness at the financial year end, and the non-current and net current assets employed in its operations.
- **Cash Flow Statement (CFS)** – shows the changes in cash and cash equivalents arising from transactions with third parties for revenue and capital purposes.
- **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.
- **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.

## Supplementary Statements

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

# St Albans City & District Council: Statement of Accounts 2022/2023

## Introduction to the Statement of Accounts

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. Recent Government announcements have been clear that dealing with the backlog of external audits at virtually all councils is a priority, and a process of issuing “disclaimed” opinions is now in place. Once received, a revised set of accounts will be issued.
- **The Annual Governance Statement** – this gives a public assurance that the Council has proper arrangements in place to manage its affairs. It summarises the Council’s responsibilities in the conduct of its business, the purpose and key elements of the system of internal control and the processes applied in maintaining, reviewing and developing the effectiveness of those controls.

### Accounting Policies

There have been no material changes during the year.

### 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 2022/23 (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 2022/23, 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.

## **St Albans City & District Council: Statement of Accounts 2022/2023**

### **Introduction to the Statement of Accounts**

#### **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 2022/2023

### Statement of Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Assistant Director – Finance.
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

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Jonathan Flowers

Independent Chair of Audit & Governance Committee

Date: 30 January 2025


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 2023 and of its expenditure and income for the year then ended.

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Linda Parker CIPFA

Assistant Director – Finance

Section 151 Officer

Date: 30 January 2025

## St Albans City & District Council: Statement of Accounts 2022/2023

### 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.

2021/2022			2022/2023			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
			<b>Service Segments</b>			
12,402	(308)	12,094	Chief Executive and Policy	1,975	(269)	1,706
2,302	(810)	1,492	Finance and Legal	8,342	(6,073)	2,269
19,419	(10,487)	8,932	Community Services	21,539	(11,519)	10,020
7,958	(2,822)	5,136	Commercial and Development	6,070	(2,673)	3,397
1,451	(247)	1,204	Corporate Services	1,042	(172)	870
4,856	(1,704)	3,152	Planning and Building Control	4,994	(1,591)	3,403
			<b>Housing Services</b>			
25,399	(23,349)	2,050	General Fund Housing (i)	24,382	(22,459)	1,923
13,160	(29,251)	(16,091)	Housing Revenue Account (ii)	39,876	(30,152)	9,724
<b>86,947</b>	<b>(68,978)</b>	<b>17,969</b>	<b>Cost of Services (iii)</b>	<b>108,220</b>	<b>(74,908)</b>	<b>33,312</b>
		2,770	Other operating (income)/expenditure (note 8)			(1,248)
		5,982	Financing and investment income and expenditure (note 9)			7,731
		(32,878)	Taxation and non-specific grant income (note 10)			(22,780)
		<b>(6,157)</b>	<b>(Surplus)/deficit on Provision of Services</b>			<b>17,015</b>
		(45,901)	(Surplus)/Deficit on revaluation of property, plant and equipment assets (note 20)			54,429
		(10,485)	Actuarial (gains)/losses on pension assets/liabilities (note 27)			(41,599)
		<b>(56,386)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>12,830</b>
		<b>(62,543)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>29,845</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.

## St Albans City & District Council: Statement of Accounts 2022/2023

### Balance Sheet as at 31 March 2023

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

31 March 2022 £'000		Note	31 March 2023 £'000
962,558	Property Plant and Equipment	11	900,490
6,486	Heritage Assets	12	7,089
8,355	Investment Properties	13	6,270
252	Intangible Assets		208
190	Long term debtors	14	135
<b>977,841</b>	<b>Long Term Assets</b>		<b>914,192</b>
997	Assets Held for Sale	15	136
7,000	Short Term Investments	14	-
95	Inventories		91
10,201	Short Term Debtors	16	8,783
10,565	Cash and Cash Equivalents	17	12,382
<b>28,858</b>	<b>Current Assets</b>		<b>21,392</b>
(13,214)	Short Term Borrowing	14	(46,220)
(47,096)	Short Term Creditors	18	(29,422)
(900)	Short term provisions	19	(2,906)
<b>(61,210)</b>	<b>Current Liabilities</b>		<b>(78,548)</b>
(52,288)	Pension Liability	27	(14,313)
(201,486)	Long term borrowing	14	(181,266)
(2,851)	Other Long-term Liabilities and Provisions	19	(1,562)
(3,255)	Capital Grants Receipts in Advance		(4,135)
<b>(259,880)</b>	<b>Long Term Liabilities</b>		<b>(201,276)</b>
<b>685,609</b>	<b>Net Assets</b>		<b>655,760</b>
(24,558)	Usable Reserves		(33,568)
(661,051)	Unusable Reserves	20	(622,192)
<b>(685,609)</b>	<b>Total reserves</b>		<b>(655,760)</b>

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

1. Usable reserves – those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory

## **St Albans City & District Council: Statement of Accounts 2022/2023**

### **Balance Sheet as at 31 March 2023**

limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt).

2. Unusable reserves – those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line “Adjustments between accounting basis and funding basis under regulations”.

DocuSigned by:

*Linda Parker*  
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Linda Parker CIPFA  
Assistant Director – Finance  
Section 151 Officer  
Date: 30 January 2025

**St Albans City & District Council: Statement of Accounts 2022/2023****Cash Flow Statement****Cash Flow Statement**

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

2021/22			2022/23
£'000		Notes	£'000
6,157	<b>Net surplus or (deficit) on the provision of services</b>		(17,016)
35,847	Adjustment to net surplus or deficit on the provision of services for non-cash movements	28	21,349
(8,999)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	29	(12,688)
<b>33,005</b>	<b>Net cash flows from Operating Activities</b>		<b>(8,355)</b>
(35,283)	Investing Activities	30	(7,585)
7,714	Financing Activities	31	17,758
<b>5,436</b>	<b>Net increase or decrease in cash and cash equivalents</b>		<b>1,818</b>
5,130	Cash and cash equivalents at the beginning of the reporting period		10,564
<b>10,566</b>	<b>Cash and cash equivalents at the end of the reporting period</b>		<b>12,382</b>

## St Albans City & District Council: Statement of Accounts 2022/2023

### 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.

<b>2022/2023</b>	<b>General Fund Balance</b>	<b>Earmarked General Fund Reserves</b>	<b>Housing Revenue Account</b>	<b>Earmarked HRA Reserves</b>	<b>Capital Receipts Reserves</b>	<b>Major Repairs Reserve</b>	<b>Capital grants Unapplied</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Council Reserves</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1st April 2022</b>	(4,454)	(10,351)	(2,259)	(425)	(4,890)	(1,573)	(606)	(24,557)	(661,050)	(685,607)
<b>Movement in reserves during 2022/2023</b>								-		
Total Comprehensive Income and Expenditure	6,470	-	10,547	-	-	-	-	17,017	12,830	29,847
Adjustments between accounting basis & funding basis under regulations (note 6)	(56)	-	(16,902)	-	(4,637)	(4,449)	17	(26,027)	26,028	1
Earmarked Reserves transfers (note 7)	(5,477)	5,477	5,077	(5,077)	-	-	-	-	-	-
<b>Net (Increase)/Decrease in 2022/2023</b>	<b>937</b>	<b>5,477</b>	<b>(1,278)</b>	<b>(5,077)</b>	<b>(4,637)</b>	<b>(4,449)</b>	<b>17</b>	<b>(9,010)</b>	<b>38,858</b>	<b>29,848</b>
<b>Balance at 31 March 2023</b>	<b>(3,517)</b>	<b>(4,874)</b>	<b>(3,537)</b>	<b>(5,502)</b>	<b>(9,527)</b>	<b>(6,022)</b>	<b>(589)</b>	<b>(33,567)</b>	<b>(622,192)</b>	<b>(655,759)</b>

## St Albans City & District Council: Statement of Accounts 2022/2023

### Movements in Reserves Statement

2021/22	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserves	Major Repairs Reserve	Capital grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1st April 2021</b>	(3,148)	(19,851)	(3,756)	(340)	(1,873)	(4,171)	(1,140)	(34,279)	(588,910)	(623,189)
Opening balance adjustments (i)	114		(114)						120	120
<b>Adjusted opening balance</b>	<b>(3,034)</b>	<b>(19,851)</b>	<b>(3,870)</b>	<b>(340)</b>	<b>(1,873)</b>	<b>(4,171)</b>	<b>(1,140)</b>	<b>(34,279)</b>	<b>(588,790)</b>	<b>(623,069)</b>
<b>Movement in reserves during 2021/2022</b>										
Total Comprehensive Income and Expenditure	6,798		(12,955)		-	-	-	(6,157)	(56,386)	(62,543)
Adjustments between accounting basis & funding basis under regulations (note 6)	1,280		14,480		(3,017)	2,598	534	15,875	(15,875)	-
Earmarked Reserves transfers (note 7)	(9,500)	9,500	85	(85)	-	-	-	-	-	-
<b>Net (Increase)/Decrease in 2021/2022</b>	<b>(1,422)</b>	<b>9,500</b>	<b>1,610</b>	<b>(85)</b>	<b>(3,017)</b>	<b>2,598</b>	<b>534</b>	<b>9,718</b>	<b>(72,261)</b>	<b>(62,543)</b>
<b>Balance at 31 March 2022</b>	<b>(4,456)</b>	<b>(10,351)</b>	<b>(2,260)</b>	<b>(425)</b>	<b>(4,890)</b>	<b>(1,573)</b>	<b>(606)</b>	<b>(24,561)</b>	<b>(661,051)</b>	<b>(685,612)</b>

- (i) The opening balance has been adjusted for prior year transactions. Both adjustments are in respect of the component asset replacement treatment. The net impact is a £120k decrease of the unusable reserve.

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 2022/2023

## Notes to the Accounts

### 1. Accounting Policies

#### 1.1 General Policies

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end 31 March 2023. 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 2022/23, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

#### 1.2 Accruals of Income and Expenditure

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

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

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

#### 1.3 Principal and Agent accounting policy

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

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



# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

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 precepting bodies and, therefore, the balances contained in the Balance Sheet for a particular debt are the Council's own proportion of the debt and associated balances. The proportions of transactions that relate to the other parties to the relationship are shown separately as amounts due from/to the precepting bodies.

### 1.4 Cash and Cash Equivalents

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

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

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

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

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

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

### 1.6 Employee Benefits

#### 1.6a Benefits Payable During Employment

Short-term employee benefits are those expecting to be settled within 12 months of the year-end. They include wages, salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, and are recognised as an expense for services in the year in which the employee renders the service to the Council.

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

#### 1.6b Termination Benefits

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

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

#### 1.6c Post-Employment Benefits

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

#### *The Local Government Pension Scheme*

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

## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Accounts

- The liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to the retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and the projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices using a discount rate.
- The assets of the Hertfordshire pension fund attributable to the Council are included in the Balance Sheet as their fair value:
  - Quoted securities – current bid price
  - Unquoted securities – professional estimate
  - Unitised securities – current bid price
  - Property – market value

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

- Service Cost comprising:
  - Current service costs – increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employee worked.
  - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
  - Net interest on the net defined benefit liability, i.e. net interest expense for the authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Accounts

- 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 the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being able to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

#### ***Discretionary Benefits***

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

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

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

- **Adjusting events** – those that provide evidence of conditions that existed at the Balance Sheet date and materially affect the amounts included. The Statement of Accounts is adjusted to reflect such events.
- **Non-adjusting events** – those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

reflect such events but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

### 1.8 Financial Instruments

#### 1.9a 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 charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

#### 1.8b Financial Assets

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

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

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

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

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

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

### 1.9 Government Grants and Contributions

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

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

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

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

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

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

### 1.10 Heritage Assets

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

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

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

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

#### 1.10a Land and Buildings

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

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

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

#### 1.10b Artefacts

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

#### 1.10c Sculptures and War Memorials

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

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

The chains of office and general civic regalia are valued on the basis of the insurance replacement cost. The values are reviewed every five years. These

## **St Albans City & District Council: Statement of Accounts 2022/2023**

### **Notes to the Accounts**

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

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

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

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

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

#### **1.11 Investment Property**

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

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

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



# **St Albans City & District Council: Statement of Accounts 2022/2023**

## **Notes to the Accounts**

### **1.12 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.

#### **1.12a 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.

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

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

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

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

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

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

### 1.14 Property, Plant and Equipment

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

#### 1.14a Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with them will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to the potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

#### 1.14b Measurement

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

- Infrastructure and Assets Under Construction – depreciated 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 – depreciated 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 2022/2023

### 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.

Where Component Assets such as kitchens and boilers are installed in the Council's single dwelling council houses these are treated in the same manner as for decreases for value. This is to recognise that such assets are being replaced around the end of their useful lives. Due to this, a dedicated approach to depreciation is used, as described below. This results the cost of the component about to be replaced being effectively fully depreciated at the time of replacement. Thus, the addition is considered to be value maintaining, rather than value adding, despite accounting rules identifying it as an addition. For many years, the council has therefore taken a cost charge to the HRA Income and Expenditure statement (I&ES) to recognise this.

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

#### 1.14c Impairment

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

## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Accounts

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

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against the balance (up to the amount of the accumulated gains); or
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

#### 1.14d Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

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

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.

## **St Albans City & District Council: Statement of Accounts 2022/2023**

### **Notes to the Accounts**

HRA dwellings are classified into type and size of building. The components were reviewed and updated during 2014/15, they remained unchanged for 2022/23.

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

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

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. Assets that are to be abandoned or scrapped are not reclassified as Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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

Amounts received for a disposal in excess of £10k are categorised as capital receipts. A proportion of receipts relating to housing disposals are payable to the Government. The balance of receipts is credited to the Capital Receipts

# **St Albans City & District Council: Statement of Accounts 2022/2023**

## **Notes to the Accounts**

Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

### **1.15 Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits and a reliable estimate can be made of the amount of the obligation but where the timing of the transfer is uncertain. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or payment of compensation.

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

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

### **1.16 Contingent Liabilities**

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in Note 34.

# **St Albans City & District Council: Statement of Accounts 2022/2023**

## **Notes to the Accounts**

### **1.17 Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Earmarked Reserves are created by appropriating amounts out of the General Fund and HRA Balances in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year in the Comprehensive Income and Expenditure Statement. The Earmarked Reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for expenditure.

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

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

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

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

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

### **1.20 Borrowing Costs**

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

Where the Council borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Council applies a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of

## **St Albans City & District Council: Statement of Accounts 2022/2023**

### **Notes to the Accounts**

the borrowing costs that are outstanding during the period. The amount of borrowing costs capitalised will not exceed the amount of borrowing costs incurred during the period. The commencement of capitalisation begins when all the following are met:

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

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

### **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 2023/24 accounts.

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

These changes are not expected to have a material effect on the Council's 2023/24 accounts.

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for



## **St Albans City & District Council: Statement of Accounts 2022/2023**

### **Notes to the Accounts**

the revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

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

#### **Going Concern**

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

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

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The Council has a significant programme of capital on the housing stock and undertakes major repairs and maintenance which will be able to sustain assumptions made regarding the useful lives assigned to assets.

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

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

#### **Pensions liability**

Estimation of Councils unfunded liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Full details are set out in note 26.

The effects on the net pension's liability of changes in individual assumptions cannot be precisely calculated. The assumptions interact in complex ways. During 2022/23, the Council's actuaries advised that the net pensions liability had decreased by £38.0m to £14.3m (2021/22 £52.3m).

# **St Albans City & District Council: Statement of Accounts 2022/2023**

## **Notes to the Accounts**

### **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 2023. 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 £11.0m (2021/22 £9.23m) and the Council's share held in the Balance Sheet is £4.40m (2021/22 £3.69m). The increase in total provision from last year is £0.71m.

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 2023, the Council had a sundry debtor balance of £2.69m (2021/22: £3.65m). A review of significant balances using historic write off rates suggested that a 11.7% (2021/22: 19.9%) impairment allowance for doubtful debts of £0.32m (2021/22: £0.73m) is appropriate. The reduction is due to success during the 2022/23 year to reduce the total debtors balance and increase agreed installment plans.

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 £1.38m 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.

## **St Albans City & District Council: Statement of Accounts 2022/2023**

### **Notes to the Accounts**

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

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

The Statement of Accounts was certified for issue by the Assistant Director – Finance on 22 January 2025. 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 2023, 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 the issue date.

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

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's service departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CI&ES).

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

Expenditure and Funding Analysis 2022/23	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	1,694	-	-	(12)	1,706
Finance and Legal	6,753	-	2,516	1,968	2,269
Community Services	6,961	-	64	(3,123)	10,020
Commercial & Development	1,738	-	250	(1,909)	3,397
Corporate Services	727	-	-	(143)	870
Planning & Building Control	3,702	-	-	299	3,403
Housing General Fund	1,265	-	-	(658)	1,923
Housing Revenue Account	-	(3,090)	4,119	(16,933)	9,724
<b>Net Cost of Services</b>	<b>22,840</b>	<b>(3,090)</b>	<b>6,949</b>	<b>(20,511)</b>	<b>33,312</b>
All other Income and Expenditure	(16,426)	(3,266)	(6,949)	3,553	(16,297)
<b>Deficit/(surplus) on Provision of Services</b>	<b>6,414</b>	<b>(6,356)</b>	<b>-</b>	<b>(16,958)</b>	<b>17,015</b>
	<b>General Fund</b>	<b>HRA</b>	<b>Total</b>		
<b>Opening General Fund and HRA Balances</b>	(14,805)	(2,684)	(17,489)		
Less/plus surplus or deficit on General Fund and HRA Balance in year	6,414	(6,356)	58		
<b>Closing General Fund and HRA Balances at 31 March</b>	<b>(8,391)</b>	<b>(9,040)</b>	<b>(17,431)</b>		

# St Albans City & District Council: Statement of Accounts 2022/2023

## 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	3,046	-	1,848	(294)	1,492
Community Services	7,013	-	142	(2,061)	8,932
Commercial & Development	2,514	-	94	(2,716)	5,136
Corporate Services	772	-	-	(432)	1,204
Planning & Building Control	2,759	-	-	(393)	3,152
Housing General Fund	1,237	-	-	(813)	2,050
Housing Revenue Account	-	(3,883)	4,995	7,213	(16,091)
<b>Net Cost of Services</b>	<b>29,253</b>	<b>(3,883)</b>	<b>7,079</b>	<b>322</b>	<b>17,969</b>
All Other Income and Expenditure	(21,173)	5,409	(7,079)	16,681	(24,126)
<b>Deficit/(surplus) on Provision of Services</b>	<b>8,080</b>	<b>1,526</b>	<b>-</b>	<b>17,003</b>	<b>(6,157)</b>
	<b>General Fund</b>	<b>HRA</b>	<b>Total</b>		
<b>Opening General Fund and HRA Balances</b>	<b>(22,999)</b>	<b>(4,096)</b>	<b>(27,095)</b>		
Opening balance adjustments	114	(114)	-		
<b>Adjusted Opening General Fund and HRA Balances</b>	<b>(22,885)</b>	<b>(4,210)</b>	<b>(27,095)</b>		
Less/plus surplus or deficit on General Fund and HRA Balance in year	8,080	1,526	9,606		
<b>Closing General Fund and HRA Balances at 31 March</b>	<b>(14,805)</b>	<b>(2,684)</b>	<b>(17,489)</b>		

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

2022/23 Adjustments from General Fund & HRA to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £000's	Net change for the Pensions Adjustments £000's	Other Differences £000's	Total Adjustments £000's
Chief Executive and Policy	(12)	-	-	(12)
Finance and Legal	-	1,968	-	1,968
Community Services	(3,716)	593	-	(3,123)
Commercial & Development	(1,909)	-	-	(1,909)
Corporate Services	(143)	-	-	(143)
Planning & Building Control	(18)	317	-	299
Housing General Fund	(760)	102	-	(658)
Housing Revenue Account	(17,577)	644	-	(16,933)
<b>Net Cost of Services adjustments</b>	<b>(24,135)</b>	<b>3,624</b>	<b>-</b>	<b>(20,511)</b>
<b>Non Cost of Services adjustments</b>	<b>406</b>	<b>-</b>	<b>3,147</b>	<b>3,553</b>
<b>Difference between General Fund &amp; HRA surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(23,729)</b>	<b>3,624</b>	<b>3,147</b>	<b>(16,958)</b>

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

2021/22	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
Adjustments from General Fund and HRA to arrive at the Comprehensive Income and Expenditure Statement amounts	£000's	£000's	£000's	£000's
Chief Executive and Policy	(15)	(167)	-	(182)
Finance and Legal	(5)	(289)	-	(294)
Community Services	(1,615)	(446)	-	(2,061)
Commercial & Development	(2,389)	(326)	-	(2,716)
Corporate Services	(95)	(337)	-	(432)
Planning & Building Control	(21)	(372)	-	(393)
Housing General Fund	(661)	(152)	-	(813)
Housing Revenue Account	7,594	(381)	-	7,213
<b>Net Cost of Services adjustments</b>	<b>2,792</b>	<b>(2,470)</b>	<b>-</b>	<b>321</b>
<b>Non Cost of Services adjustments</b>	<b>7,166</b>	<b>(17)</b>	<b>9,532</b>	<b>16,681</b>
<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>9,957</b>	<b>(2,488)</b>	<b>9,532</b>	<b>17,002</b>

### 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:

## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Accounts

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

#### iii. Other Differences

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

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

### Adjustments Relating to Internal Management Reporting

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.

Adjustments Relating to Internal Management Reporting	Interest	MRP	RCCO	Trading Accounts	Total
	£'000	£'000	£'000	£'000	£'000
2022/23					
Chief Executive and Policy	-	-	-	-	-
Finance and Legal	6	2,454	56	-	2,516
Community Services	-	-	-	64	64
Commercial & Development	-	-	-	250	250
Corporate Services	-	-	-	-	-
Planning & Building Control	-	-	-	-	-
Housing General Fund	-	-	-	-	-

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

<b>General Fund Total</b>	<b>6</b>	<b>2,454</b>	<b>56</b>	<b>314</b>	<b>2,830</b>
<b>HRA Total</b>	<b>4,117</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>4,119</b>

<b>Adjustments Relating to Internal Management Reporting</b>	<b>Interest</b>	<b>MRP</b>	<b>RCCO</b>	<b>Trading Accounts</b>	<b>Total</b>
<b>2021/22</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Chief Executive and Policy	-	-	-	-	-
Finance and Legal	141	1,707	0	-	1,848
Community Services	-	-	-	142	142
Commercial & Development	-	-	-	94	94
Corporate Services	-	-	-	-	-
Planning & Building Control	-	-	-	-	-
Housing General Fund	-	-	-	-	-
<b>GF Total</b>	<b>141</b>	<b>1,707</b>	<b>0</b>	<b>237</b>	<b>2,085</b>
Housing Revenue Account	4,584	-	411	-	4,995

## Segmental income

<b>2021/22</b>	<b>Segmental Income</b>	<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
	<b>Services</b>	
(12,918)	Chief Executive and Policy	(1,165)
(11,226)	Community Services	(12,141)
(5,232)	Commercial & Development	(5,879)
(3,720)	Corporate Services	(3,857)
(3,949)	Finance and Legal	(8,800)
(23,591)	Housing General Fund	(22,720)
(29,597)	Housing Revenue Account	(30,928)
(2,585)	Planning & Building Control	(2,406)
<b>(92,819)</b>	<b>Total Income analysed on a segmental basis</b>	<b>(87,896)</b>
(24,085)	Non-segmental	(23,081)
<b>(116,903)</b>	<b>Total Income</b>	<b>(110,977)</b>

## Expenditure/Income by nature

<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
	<b>Income</b>	
(43,718)	Fees, charges & other service income	(45,929)
(2,787)	Other capital receipts and income	(93)
(11,330)	Support Service recharge income	(11,708)
(19)	Interest and investment income	(600)
(14,869)	Income from council tax	(15,485)
4,686	Income from business rates	1,437
(48,866)	Government grants and other contributions	(38,599)
<b>(116,903)</b>	<b>Total Income</b>	<b>(110,977)</b>
	<b>Expenditure</b>	
22,399	Employee benefits expenses	22,719
60,204	Other Service Expenses	55,240
11,192	Support Service recharge expenditure	11,635
9,444	Revaluation gains, depreciation, amortisation and impairment	31,719
4,733	Interest payments	4,520



## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Accounts

1,212	Pension adjustment	1,875
3,036	Precepts and levies	3,253
934	Payments to Housing Capital Receipts Pool	-
(2,409)	Gain or Loss on Disposal of Fixed Assets and derecognition of replaced asset components	(2,969)
<b>110,746</b>	<b>Total expenditure</b>	<b>127,992</b>
<b>(6,157)</b>	<b>(Gain)/Loss on the Provision of Services</b>	<b>17,015</b>

# **St Albans City & District Council: Statement of Accounts 2022/2023**

## **Notes to the Accounts**

### **6. 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 2022/2023

## 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
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts reserves £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	£'000
<b>2022/2023</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)	(3,106)	(518)				3,624
Council Tax and NDR (transfers to/(from) the Collection Fund Adjustment Account)	5,436					(5,436)
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)	(7,480)	(29,159)			(3,120)	39,759
<b>Total Adjustments to Revenue Resources</b>	<b>(5,150)</b>	<b>(29,677)</b>	<b>-</b>	<b>-</b>	<b>(3,120)</b>	<b>37,947</b>
<b>Adjustments between Revenue and Capital Resources</b>						
Transfer of non-current asset sales proceeds from revenue to the Capital Receipts Reserve	3,410	6,138	(9,589)			41
Administration costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	(8)	(39)	29			18
Payments to the government of housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-		-			-
Posting of HRA resources from revenue to Major Repairs Reserve		6,663		(6,663)		-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	2,454	-				(2,454)
Other capital receipts taken to the CI&ES	(819)	11	(10)			818
GF Asset Disposal NBV (transfer to Capital Adjustment Account)	-					-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	56	2				(58)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>5,093</b>	<b>12,775</b>	<b>(9,570)</b>	<b>(6,663)</b>	<b>-</b>	<b>(1,635)</b>
<b>Adjustments to Capital Resources</b>						
Use of Capital Receipts Reserve to finance capital expenditure			4,933			(4,933)

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

Use of Major Repairs Reserve to finance capital expenditure				2,214		(2,214)
Application of capital grants to finance capital expenditure					3,137	(3,137)
Cash payments in relation to deferred capital receipts	-					-
<b>Total Adjustments to Capital Resources</b>	-	-	4,933	2,214	3,137	(10,284)
<b>Total Adjustments</b>	(57)	(16,902)	(4,637)	(4,449)	17	26,028

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)	(7,632)	(3,937)	-	-	(1,472)	13,041
						-
<b>Total Adjustments to Revenue Resources</b>	<b>(2,197)</b>	<b>(4,503)</b>	<b>-</b>	<b>-</b>	<b>(1,472)</b>	<b>8,172</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)
GF Asset Disposal NBV (transfer to Capital Adjustment Account)	-	-	-	-	-	-
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	-	-	-	6,429	-	(6,429)
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>6,429</b>	<b>2,006</b>	<b>(11,929)</b>
<b>Total Adjustments</b>	<b>1,280</b>	<b>14,480</b>	<b>(3,017)</b>	<b>2,598</b>	<b>534</b>	<b>(15,875)</b>

## 7. Transfers To/From Earmarked Reserves

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

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

	Balance at 31 March 2021	Transfers out 2021/22	Transfers In 2021/22	Balance at 31 March 2022	Transfers out 2022/23	Transfers In 2022/23	Balance at 31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund Earmarked Reserves</b>							
Planning appeals reserve (1)	286	(166)	-	120	(47)	-	73
Sustainability Projects	130	(66)	-	64	(52)	-	12
Leisure SDA	38	(38)	-	-	-	-	-
Building maintenance reserve	171	(149)	4	26	(25)	-	1
City Neighbourhoods Committee	208	(53)	-	155	(22)	-	133
Syrian Refugees	295	(11)	134	418	(21)	-	397
Homelessness Reduction (FHSG)	226	(122)	-	104	-	-	104
Refuse collection reserve	132	(40)	-	92	(51)	-	41
Hemel Garden Community	38	(38)	-	-	-	-	-
Museum Trust grant	184	-	93	277	-	-	277
Grounds Maintenance Reserve	300	(275)	-	25	(25)	-	-
Climate initiative reserve	118	(50)	-	68	(32)	-	36
Local Development Framework	53	-	76	129	-	-	129
Lockey House	2	-	218	220	-	230	450
Covid19 government grants (2)	689	(689)	-	-	(1)	-	(1)
Other Reserves Under £100k	842	(257)	121	706	(55)	70	721
<b>General Fund sub-total</b>	<b>3,712</b>	<b>(1,954)</b>	<b>646</b>	<b>2,404</b>	<b>(331)</b>	<b>300</b>	<b>2,373</b>
Collection Fund (timing difference)	16,139	(8,191)	-	7,947	(5,448)	-	2,499
<b>Total General Fund Earmarked Reserves</b>	<b>19,851</b>	<b>(10,145)</b>	<b>646</b>	<b>10,351</b>	<b>(5,779)</b>	<b>300</b>	<b>4,872</b>
<b>Reserves</b>							
HRA							
Revenue earmarked reserve	100	-	-	100	(9)	5,000	5,091
Capital expenditure reserve	240	-	86	326	-	85	411
<b>HRA sub-total</b>	<b>340</b>	<b>-</b>	<b>86</b>	<b>426</b>	<b>(9)</b>	<b>5,085</b>	<b>5,503</b>
<b>Total</b>	<b>20,191</b>	<b>(10,145)</b>	<b>732</b>	<b>10,777</b>	<b>(5,788)</b>	<b>5,385</b>	<b>10,375</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.

## 8. Other Operating (Income) / Expenditure

2021/2022 £'000		2022/2023 £'000
3,036	Parish Council Precepts	3,253
934	Payments to the Government Housing Capital Receipts Pool	-
(2,132)	(Gains)/losses on the disposal of non-current assets	(4,888)
1,024	Write-off of replaced asset components	481
(92)	Other Capital receipts and income	(94)
<b>2,770</b>		<b>(1,248)</b>

## 9. Financing and Investment Income and Expenditure

2021/22 £'000		2022/23 £'000
4,739	Interest payable and similar charges	4,533

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

1,205	Net interest on the net defined benefit liability	1,441
(14)	Interest receivable and similar income	(410)
(461)	Changes in fair value of investment properties	2,110
276	Impairments to financial assets incl reversals	(257)
237	(Surplus)/deficit from trading operations not included in Net Cost of Services	314
<b>5,982</b>		<b>7,731</b>

## 10. Taxation and Non-Specific Grant Income

2021/2022 £'000		2022/2023 £'000
	<b>Council Tax</b>	
(14,459)	Council Tax Income	(15,319)
(411)	Transfer from the Collection Fund	(166)
<b>(14,870)</b>	<b>Council Tax net</b>	<b>(15,485)</b>
	<b>Business Rates</b>	
(3,867)	Share of Business Rate income	(21,890)
23,342	Tariff paid to central government	23,342
-	Taxation Grant - Transitional Protection	-
-	Business Rates Pilot Gain	-
(16,172)	Council's share of Business Rates deficit	(21)
1,383	Safety net payment due to/(from) central government	-
<b>4,686</b>	<b>Business Rates net income</b>	<b>1,431</b>
	<b>Non-specific Grants</b>	
-	Revenue support grant	-
(7,480)	Small Business Rate relief	(4,035)
(744)	New Homes Bonus	(1,225)
-	Funding Guarantee Grant	(197)
-	Services Grant	(93)
(108)	EU Exit Funding	-
(12,749)	Coronavirus Grants	(19)
(1,613)	Capital grants and contributions	(3,157)
<b>(22,694)</b>	<b>Non-specific Grants sub-total</b>	<b>(8,726)</b>
<b>(32,878)</b>	<b>Total</b>	<b>(22,780)</b>

## 11. Property, Plant and Equipment

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
Cost or Valuation						

## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Accounts

At 1 April 2022	654,760	245,440	17,815	3,129	62,423	983,567
Transfers	-	-	-	-	-	-
Additions	7,865	1,329	681	309	18,079	28,263
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(38,967)	(8,731)	-	-	-	(47,698)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-
Write off - disposals	(1,831)	(1,964)	-	-	-	(3,795)
Write off - replaced components	(7,864)	-	-	-	-	(7,864)
Assets reclassified (to)/from	-	5,272	-	-	(5,272)	-
Assets reclassified (to)/from assets held for sale	-	-	-	-	-	-
Impairment (losses)/reversals recognised in the surplus/deficit on the Provision of Services	(15,561)	(2,530)	-	-	-	(18,091)
Impairment (losses)/reversals recognised in the Revaluation Reserve	(8,559)	(4,006)	-	-	-	(12,565)
<b>At 31 March 2023</b>	<b>589,843</b>	<b>234,810</b>	<b>18,496</b>	<b>3,438</b>	<b>75,230</b>	<b>921,817</b>
<b>Accumulated Depreciation and Impairment</b>						
At 1 April 2022	(112)	(5,933)	(13,295)	(1,669)	-	(21,009)
Transfers	-	-	-	-	-	-
Depreciation charge	(8,582)	(3,277)	(900)	(147)	-	(12,906)
Depreciation written out to the Revaluation Reserve	8,559	4,006	-	-	-	12,565
Depreciation written out to the Surplus/(Deficit) on the Provision of Services	-	-	-	-	-	-
Write off - disposals	23	-	-	-	-	23
Impairment (losses)/reversals recognised in the Surplus/(Deficit) on the Provision of Services	-	-	-	-	-	-
Reclassification Transfers	-	-	-	-	-	-
<b>At 31 March 2023</b>	<b>(112)</b>	<b>(5,204)</b>	<b>(14,195)</b>	<b>(1,816)</b>	<b>-</b>	<b>(21,327)</b>
<b>Net Book Value</b>						
<b>At 31 March 2022</b>	<b>654,648</b>	<b>239,507</b>	<b>4,520</b>	<b>1,460</b>	<b>62,423</b>	<b>962,558</b>
<b>At 31 March 2023</b>	<b>589,731</b>	<b>229,606</b>	<b>4,301</b>	<b>1,622</b>	<b>75,230</b>	<b>900,490</b>

# St Albans City & District Council: Statement of Accounts 2022/2023

## 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>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	614,117	236,631	17,743	2,943	40,827	912,261
Additions	6,174	1,560	356	186	32,285	40,561
Revaluation increases/(decreases) recognised in the Revaluation Reserve	41,728	1,272	-	-	-	43,000
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	6,192	(1,253)	-	-	-	4,939
Write off - disposals	(1,173)	(457)	(223)	-	(76)	(1,929)
Write off - replaced components	(6,168)	-	-	-	-	(6,168)
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	1,781	(169)	-	-	-	1,612
Impairment (losses)/reversals recognised in the Revaluation Reserve	(7,903)	(2,046)	-	-	-	(9,949)
<b>At 31 March 2022</b>	<b>654,760</b>	<b>245,439</b>	<b>17,814</b>	<b>3,129</b>	<b>62,424</b>	<b>983,566</b>
<b>Accumulated Depreciation and Impairment</b>						
At 1 April 2021	(7,334)	(6,016)	(12,281)	(1,509)	-	(27,140)
Depreciation charge	(8,029)	(2,688)	(1,238)	(160)	-	(12,115)
Depreciation written out to the Revaluation Reserve	15,032	2,721	-	-	-	17,753
Depreciation written out to the Surplus/(Deficit) on the Provision of Services	205	28	-	-	-	233
Write off - disposals	14	49	197	-	-	260
Impairment (losses)/reversals recognised in the Surplus/(Deficit) on the Provision of Services	-	-	-	-	-	-
Reclassification Transfers	-	(27)	27	-	-	-
<b>At 31 March 2022</b>	<b>(112)</b>	<b>(5,933)</b>	<b>(13,295)</b>	<b>(1,669)</b>	<b>-</b>	<b>(21,009)</b>
<b>Net Book Value</b>						
At 31 March 2021	606,783	230,615	5,462	1,434	40,827	885,121
At 31 March 2022	654,648	239,506	4,519	1,460	62,424	962,557

### HRA Single Dwellings – Component Asset Replacement

A specific approach is adopted for the replacement of component assets such as kitchens, bathrooms and boilers for single council house dwellings. This is to recognise that such assets are being replaced around the end of their useful lives. Due to this, a dedicated approach to depreciation is used, as described below. This results the cost of the component about to be replaced being effectively fully depreciated at the time of replacement. The addition is considered to be value maintaining, rather than value adding, despite accounting rules identifying it as an addition. For many years, the council has therefore taken a cost charge to the HRA Income and Expenditure statement (I&ES) to recognise this. During 2020/21 our external auditors advised that a better treatment would be to offset this cost against available revaluation



## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Accounts

reserve, and only charging the HRA I&ES if no revaluation reserve related to that address is available.

We adopted their suggested approach for 2020/21 and also processed entries to reflect the impact of this change for 2019/20 in the 2020/21 Accounts. The impact of the 19/20 update on the 2020/21 comparative is as follows:

£m	2019/20 'end of year impact
Reduction in Revaluation Reserve	4.0
Increase in Capital Adjustment Account	(4.0)
Impact on Asset value	-
<b>Total</b>	<b>-</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 2022/23.

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

### Capital Commitments

As at 31 March 2023, the Council has entered into a number of contracts for the construction and enhancement of Property, Plant and Equipment at a cost of £4.2m. Similar commitments as at 31 March 2022 were £13.4m.

### 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

## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Accounts

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 properties are linked to a relevant beacon property and valued in line with the change in value of that beacon. Beacon properties were revalued 1 April 2020, then reviewed and adjusted for as at 31 March 2022 and valued again as at 31 March 2023.

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 outgoings.
- 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.
- 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 in accounts	Council Dwellings	Other Land & Buildings	Vehicles & Plant
	£000	£000	£000
Valued at historic cost	-	818	989
Valued at current value in:			

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## Notes to the Accounts

2022/23	582,112	122,081	-
2021/22	7,619	16	549
2020/21	-	10,414	170
2019/20	-	81,710	572
2018/19	-	10,511	1,091
2017/18	-	37	315
2016/17	-	4,019	1,399
Earlier	-	-	838
<b>Total</b>	<b>589,731</b>	<b>229,606</b>	<b>5,923</b>

## 12. Heritage Assets

31 March 2022 £'000	Heritage Assets	31 March 2023 £'000
4,869	Exhibits	5,318
370	Silver	407
165	Civic Regalia	182
587	Cups and Trophies	646
38	Sculptures	42
457	War Memorials	494
<b>6,486</b>	<b>Carrying Value</b>	<b>7,089</b>

## 13. Investment Properties

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

2021/2022 £'000		2022/2023 £'000
(960)	Rental income from investment property	(918)
123	Direct operating expenses arising from investment property	168
<b>(837)</b>	<b>Net (gain)/loss</b>	<b>(750)</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.

## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Accounts

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

2021/22		2022/23
£'000		£'000
7,894	<b>Balance at start of year:</b>	8,355
-	Reclassification	-
461	Revaluation	(2,085)
<b>8,355</b>	<b>Balance at end of the year</b>	<b>6,270</b>

Investment Properties are those that are used solely to earn rentals and/or for capital appreciation.

2022/23 Recurring fair value measurements using:	Other significant observable inputs (Level 2)	Fair value as at 31st March 2023
	£000	£000
Office Units	482	482
Retail Units	3,696	3,696
Recreational	2,092	2,092
<b>Total</b>	<b>6,270</b>	<b>6,270</b>

Investment Properties are valued at fair value as at 31 March 2023. 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, all investment properties were valued and reported on this basis.

As stated in Note 11, material uncertainty in valuations also applies to Investment Properties.

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

### 14. Financial Instruments

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

#### Categories of Financial Instruments

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

	Long-Term		Current	
	At 31 March 2022 £'000	At 31 March 2023 £'000	At 31 March 2022 £'000	At 31 March 2023 £'000
<b>Investments</b>				
Short Term investment at amortised cost	-	-	7,000	-
<b>Total investments</b>	-	-	<b>7,000</b>	-
<b>Debtors</b>				
Financial assets at amortised cost	190	120	5,935	4,932
Impairment Loss Allowance	-	-	(1,057)	(1,249)
<b>Borrowings</b>				
Financial liabilities at amortised cost	(201,486)	(181,266)	(13,214)	(46,220)
<b>Creditors</b>				
Financial liabilities carried at contract amounts	(61)	(66)	(16,449)	(13,139)

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

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

2021/22			Financial Instruments	2022/23		
Financial Liabilities: measured at amortised cost	Financial Assets: loans and receivables	2021/2022 Total		Financial Liabilities: measured at amortised cost	Financial Assets: loans and receivables	2022/2023 Total
£'000	£'000	£'000		£'000	£'000	£'000
4,739	-	4,739	Total interest expense in the Surplus or Deficit on the Provision of Services	4,533	-	4,533
-	(14)	(14)	Total interest income in the Surplus or Deficit on the Provision of Services	-	(410)	(410)
4,739	(14)	4,725	<b>Net (gain)/loss for the year in Surplus or Deficit on the Provision of Services</b>	4,533	(410)	4,123

### Fair Value of Assets and Liabilities

Financial liabilities and financial assets are 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 3.31% to 4.78% (31 March 2021 1.91% to 2.66%) 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.

## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Accounts

The fair values calculated are as follows:

31 March 2022			31 March 2023	
Carrying amount £'000	Fair Value £'000		Carrying amount £'000	Fair Value £'000
10,565	10,565	Cash and cash equivalent	12,382	12,382

31 March 2022			31 March 2023	
Carrying amount £'000	Fair Value £'000		Carrying amount £'000	Fair Value £'000
214,700	218,280	Public Works Loan Board loans	211,486	199,367
-	-	Other Local Authorities	16,000	16,000

### 15. 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.

2021/22 £'000		2022/23 £'000
4,246	<b>Balance at start of year</b>	997
	Revaluation Gains/(Losses) in year	
(4,130)	Assets sold in year	(861)
(236)	Assets reclassified out as unsold	-
	<b>Assets newly classified as held for sale</b>	
1,117	Property, Plant & Equipment	-
997	<b>Balance at Year End</b>	136

Assets Held for Sale are valued at Fair Value as at 31 March 2023. Analysis of the relevant valuation techniques classifies these assets as Level 2 (see Note 13).

### 16. Short Term debtors

At 31 March 2022 £'000		At 31 March 2023 £'000
2,598	Central Government Bodies	2,009
-	Other Local Authorities	-
	<b>Other entities and Individuals:</b>	
1,741	Housing Rents arrears	1,412
(798)	Less Impairment Allowance	(1,022)
942	<b>Housing arrears net</b>	390

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

2,872	Council Tax and Business Rates	3,039
(1,967)	Less share of impairment allowances	(2,167)
<b>905</b>	<b>Council Tax and Business Rates net</b>	<b>872</b>
487	Leaseholder rent arrears	1,233
1,017	Payments in advance	796
4,976	Other miscellaneous debtors	3,765
(724)	Less Impairment Allowance	(283)
<b>5,756</b>	<b>Other net</b>	<b>5,512</b>
<b>10,201</b>	<b>Total</b>	<b>8,783</b>

For disclosure of the Loss Allowance by Asset Class for Non-financial Assets see note 36.

### 17. Cash & 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:

At 31 March 2022 £'000		At 31 March 2022 £'000
3	Cash held by the Council	3
5,561	Bank Current Accounts	4,334
5,001	Short-term deposits	8,045
<b>10,565</b>	<b>Total Cash and Cash equivalents</b>	<b>12,382</b>

### 18. Short Term Creditors

At 31 March 2022 £'000		At 31 March 2023 £'000
11,485	Collection Fund	12,168
15,963	Trade Creditors	11,921
2,300	Other Creditors	1,666
17,348	Receipts in advance	3,667
<b>47,096</b>	<b>Total</b>	<b>29,422</b>

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

#### Long Term Liabilities

The Council holds deposits for commercial premises. The long-term portion of the deposits amounts to £0.07m (2021/22 £0.06m).



## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Accounts

#### Provision

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

<b>Provisions: Business Rate Appeals</b>	
	<b>£'000</b>
<b>Balance at 1 April 2022</b>	<b>3,691</b>
Additional provisions made	2,064
Amounts used	(1,353)
<b>Balance at 31 March 2022</b>	<b>4,402</b>
<b>Made up of:</b>	
Long Term provisions	1,496
Short Term provisions	2,906

#### 20. Unusable Reserves

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

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
(482,828)	Revaluation Reserve	(421,874)
(237,911)	Capital Adjustment Account	(216,605)
52,288	Pensions Reserve	14,313
(43)	Deferred Capital Receipts Reserve	(33)
7,443	Collection Fund Adjustment Account	2,007
<b>(661,051)</b>	<b>Total Unusable Reserves</b>	<b>(622,192)</b>

#### 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

## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Accounts

- 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.

2021/22 £'000		2022/23 £'000
(444,190)	<b>Balance at 1 April</b>	(482,828)
114	Opening Balance adjustment	
<b>(444,076)</b>		
(61,398)	Revaluation (gain)/loss of assets	(33,648)
9,944	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	81,014
5,554	Cost of Component Additions in Housing Single Dwellings offset against existing Revaluation Reserve for that property	7,063
<b>(45,901)</b>	<b>(Surplus)/deficit on revaluation of non-current assets not posted to the Surplus or deficit on the Provision of Services</b>	<b>54,429</b>
4,331	Difference between fair value depreciation and historical cost depreciation transferred to the Capital Adjustment Account	5,098
2,818	Accumulated (gains)/losses on assets sold or scrapped	1,427
<b>7,149</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>6,525</b>
<b>(482,828)</b>	<b>Balance at 31 March</b>	<b>(421,874)</b>

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.

### 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

## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Accounts

and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and Gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

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

The “Net written out amount of the cost of non-current assets consumed in the year” is the reversal of the amounts charged to the CI&E for the consumption of assets with a life over one year (e.g. depreciation) and the amount transferred to the Revaluation Reserves.

2021/22 £'000		2022/23 £'000
5,892	<b>Net written out amount of the cost of non-current assets consumed in the year (per the Capital Adjustment Account)</b>	34,102
4,331	Add back amount transferred to the Revaluation Reserve	5,049
2,818	Add back accumulated gains on assets sold or scrapped	1,427
(851)	Less Capital Grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,146)
<b>12,190</b>	<b>Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (per note 8)</b>	<b>39,432</b>

2021/22 £'000	Capital Adjustment Account	2022/23 £'000
<b>(219,753)</b>	<b>Balance as at 1 April</b>	<b>(237,911)</b>
	<b><i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</i></b>	
12,085	Charges for depreciation and impairment of non current assets	12,710
(461)	Movements in the market value of Investment Properties debited or credited to the comprehensive Income and Expenditure Statement	2,110
(6,783)	Revaluation losses on Property, Plant and Equipment	18,092
79	Amortisation of Intangibles	50

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

2021/22 £'000	Capital Adjustment Account	2022/23 £'000
1,339	Revenue expenditure funded from capital under statute	2,503
6,782	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	5,113
<b>13,041</b>	<b>Sub-total charges</b>	<b>40,578</b>
(4,331)	Difference between fair value depreciation and historical cost depreciation transferred to the Revaluation Reserve	(5,049)
(2,818)	Accumulated gains on assets sold or scrapped	(1,427)
<b>5,892</b>	<b>Net written out amount of the cost of non -current assets consumed in the year</b>	<b>34,102</b>
	<b>Capital Financing applied in the year:</b>	
(3,494)	Use of the Capital Receipts Reserve to finance new capital expenditure	(4,933)
(6,429)	Use of Major Repairs Reserve to finance new capital expenditure	(2,214)
(851)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,146)
(1,155)	Application of grants to capital financing from the Capital Grants Unapplied Account	(1,991)
(412)	Direct Revenue Financing	(58)
(10,000)	Housing debt repayment provision	-
(1,707)	Statutory provision for the financing of capital investment charged against the General Fund	(2,454)
<b>(24,048)</b>	<b>Sub-total capital financing</b>	<b>(12,796)</b>
<b>(237,909)</b>	<b>Balance at 31 March</b>	<b>(216,605)</b>

### Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

2021/22 £'000	Pensions Reserve	2022/23 £'000
59,045	<b>Balance at 1 April</b>	52,288
(10,485)	Remeasurements of the net defined benefit liability	(41,599)
7,464	Reversal of items relating to retirement benefits debited to the Surplus on the Provision of Services in the Comprehensive Income and Expenditure Statement	8,047
(3,736)	Employer's pensions contributions and direct payments to pensioners payable in the year	(4,423)
52,288	<b>Balance at 31 March</b>	14,313

## Collection fund Adjustment Account

2021/22			Collection Fund Adjustment Account	2022/23		
Council Tax £'000	Business Rates £'000	Total £'000		Council Tax £'000	Business Rates £'000	Total £'000
(97)	16,139	16,042	<b>Balance at 1 April</b>	(504)	7,947	7,443
(407)	(8,192)	(8,599)	Movement on account	12	(5,449)	(5,437)
(504)	7,947	7,443	<b>Balance at 31 March</b>	(492)	2,498	2,006

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

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

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

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

### 21. Members' Allowances

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

2021/2022		2022/2023
£000	Members' Allowances	£000
436	Allowances	426
0	Expenses	2
<b>436</b>		<b>428</b>

Payments by Councillor are available on our [website](#).

### 22. Officers' Remuneration

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

2021/2022	Post Title	2022/23				
		Salary, fees and allowances	Benefits in kind	Total Remuneration excluding pension contributions	Employer's pension contribution	Total Remuneration including pension contributions
		£'000	£'000	£'000	£'000	£'000
144.8	Chief Executive and Head of Policy	112.2	-	112.2	20.7	132.9
(New)	Strategic Director - Strategy, Policy and Transformation (Deputy Chief Executive)	92.1	-	92.1	17.0	109.1
14.4	Strategic Director - Community & Place Delivery	101.1	-	101.1	18.7	119.8
10.4	Strategic Director - Customer, Business & Corporate Support	100.9	-	100.9	18.7	119.6
		<b>406.3</b>	-	<b>406.3</b>	<b>75.1</b>	<b>481.4</b>
<b>2021/2022</b>		<b>542.7</b>	-	<b>542.7</b>	<b>154.0</b>	<b>696.7</b>

Note: A new structure introduced three Directors to replace Heads of Service from 1 April 2022. The 2021/22 comparatives are for the previous structure which was based on 6 Heads of Service.

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

Remuneration	2021/22		2022/23	
	Number ex. redundancies	Number inc. redundancies	Number ex. redundancies	Number inc. redundancies
£50,000 - £54,999	5	5	24	24
£55,000 - £59,999	8	8	6	6
£60,000 - £64,999	5	5	8	8
£65,000 - £69,999			3	3
£70,000 - £79,999	4	4		
£80,000 - £89,999				
£90,000 - £99,999			1	1
£100,000 - £109,999			2	2
£110,000 - £119,999	1	1	1	1
<b>Total</b>	<b>23</b>	<b>23</b>	<b>45</b>	<b>45</b>

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

### 23. Termination Benefits

Exit package cost (including special payments)	Number of compulsory redundancies		Total cost of exit packages in each band	
	2021/22	2022/23	2021/22 £'000	2022/23 £'000
£0 - £20k	1	1	4.9	6.7
£20k - £60k	1	0	28.3	0.0
£60k plus	1	2	65.6	188.2
<b>Total</b>	<b>3</b>	<b>3</b>	<b>98.8</b>	<b>194.9</b>

All redundancies were compulsory.

### 24. External Audit Costs

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

2021/2022 £'000		2022/2023 £'000
37	Fees payable with regard to external audit services carried out by the appointed auditor for the current year	46
8	Fees payable for the certification of grant claims and returns, including new accruals for additional work on prior years (£25k)	69
<b>45</b>		<b>115</b>

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

### 25. Trading operations

The Council has the following trading operations:

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

Trading Operations		2021/2022 £'000	2022/2023 £'000
Markets	Turnover	(319)	(378)
	Expenditure	461	442
	<b>Deficit</b>	<b>142</b>	<b>64</b>
Commercial Premises	Turnover	(511)	(503)
	Expenditure	605	753
	<b>Deficit</b>	<b>94</b>	<b>250</b>
<b>Net (Surplus)/Deficit on Trading Operations</b>		<b>236</b>	<b>314</b>

Note ~ Markets: In 2022/23 expenditure £0.142m on staff and £0.085m on rates and utilities. The remaining costs include cleansing and waste removal, parking and transport costs and internal charges.

### 26. Grants and Contributions income

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

2021/2022 £'000	Grant Income	2022/2023 £'000
	<b>Credited to Taxation and Non specific grant income</b>	
744	New Homes Bonus	1,225
	Funding Guarantee Grant	197
	Services Grant	93
108	EU Exit Funding	-
7,480	Small Business Rate relief	4,035
12,749	Coronavirus Grants	19
1,613	Capital grants and contributions	3,157
<b>22,694</b>	<b>Sub-Total</b>	<b>8,726</b>
	<b>Credited to services</b>	
21,406	Rent Allowances & Benefits	20,506
856	Recycling credits	922
311	Benefits Administration Grants	325



## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Accounts

180	Contribution to NDR costs	180
114	Council Tax support admin. subsidy	111
217	Reclaimed Benefits	212
948	Grounds maintenance contributions	978
731	Homelessness Reduction Grant	612
159	Syrian Refugees Grant	-
121	Heritage Lottery and Museum contributions	1
-	Energy Rebate Scheme	4,848
1,130	Other contributions	1,179
<b>26,173</b>	<b>Sub-Total</b>	<b>29,874</b>
<b>48,867</b>	<b>Total</b>	<b>38,600</b>

## 27. Pension Liabilities

### Participation in the Pension Scheme

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

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

The pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Hertfordshire County Council. Policy is determined in accordance with the Local Government Pension Scheme Regulations 2013. The Pensions Committee has appointed various investment fund managers and their performance is monitored by an Investment Sub-Committee.

### Transactions Relating to Post-employment Benefits

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

## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Accounts

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:

2021/2022 £'000	Transactions Relating to Post Employment Benefits	2022/2023 £'000
	<b>Comprehensive Income and Expenditure Statement</b>	
	<b>Cost of Services:</b>	
6,252	- Current Service Cost	6,172
7	- Past Service Costs (including curtailments)	434
	<b>Financing and Investment Income and Expenditure</b>	
1,205	Net Interest expense	1,441
<b>7,464</b>	<b>Total Post Employment Benefit Charged/(Credited) to the Surplus or Deficit on the Provision of Services</b>	<b>8,047</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>	
(3,082)	Return on plan assets (excluding the amount included in the net interest expense)	12,632
(1,873)	Actuarial (gains) and losses arising from changes in demographic assumptions	(1,278)
(10,916)	Actuarial (gains) and losses arising from changes in financial assumptions	(64,153)
5,386	Experience (gain) and losses	11,200
<b>(10,485)</b>	<b>Total Post Employment Benefit Charged/(Credited) to the Comprehensive Income and Expenditure Statement</b>	<b>(41,599)</b>
	<b>Movement in Reserves Statement</b>	
(7,464)	Reversal of net charges made to the Surplus or deficit for the Provision of Services for employment benefits in accordance with the Code	(8,047)
3,736	Actual amount charged against the General Fund Balance for pensions in the year: Employers' contributions payable to the scheme	4,423
<b>(3,728)</b>	<b>Pension costs transferred to/(from) the Pensions Reserve</b>	<b>(3,624)</b>

Note: The Pensions reserve is part of Unusable Reserves.

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

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

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

2021/2022 £'000		2022/2023 £'000
(187,290)	Present Value of the defined benefit obligation	(140,258)
134,991	Fair values of plan assets	125,934
<b>(52,299)</b>	<b>Net liability arising from the defined benefit obligation</b>	<b>(14,324)</b>

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

2021/2022 £'000	Pension Scheme Assets	2022/2023 £'000
130,143	<b>Opening fair value of scheme assets at 1 April</b>	134,991
2,597	Interest income	3,641
	Remeasurement gain/(loss):	
3,082	Return on plan assets, excluding the amount included in the net interest expense	(12,632)
3,736	Contributions from employer	4,423
806	Contributions from employees into the scheme	871
(393)	Other experience	-
(4,980)	Benefits paid	(5,360)
<b>134,991</b>	<b>Closing fair value of scheme assets at 31 March</b>	<b>125,934</b>

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

2021/2022 £'000	Pension Scheme Liabilities	2022/2023 £'000
189,199	<b>Opening balance at 1 April</b>	187,290
	Impact of tri-annual valuation for 31 March 2022	-
	<b>Updated opening balance at 1 April</b>	<b>187,290</b>
6,252	Current Service Cost	6,172
3,802	Interest Cost	5,082
806	Contributions from scheme participants	871
	Remeasurement (gains)/losses:	
(1,873)	Actuarial (gains) and losses arising from changes in demographic assumptions	(1,278)
(10,916)	Actuarial (gains) and losses arising from changes in financial assumptions	(64,153)
4,993	Experience (gain)/loss	11,200
7	Past service costs	434
(4,980)	Benefits Paid	(5,360)
<b>187,290</b>	<b>Closing balance at 31 March</b>	<b>140,258</b>

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

### Local Government Pension Scheme Assets Comprised:

As at 31 March 2022			Asset type	As at 31 March 2023		
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	
7,902	-	7,902	8,464	-	8,464	Cash and cash equivalents
-	-	-	-	-	-	Equity Instruments by industry type
1,926	-	1,926	1,936	-	1,936	Consumer
639	-	639	1,062	-	1,062	Manufacturing
-	-	-	-	-	-	Energy and utilities
742	-	742	723	-	723	Financial institutions
1,167	-	1,167	1,054	-	1,054	Health and care
2,457	-	2,457	2,336	-	2,336	Information technology
-	-	-	-	-	-	Other
-	-	-	-	-	-	Debt Securities
-	3,538	3,538	-	3,381	3,381	Other
9,909	-	9,909	5,254	-	5,254	UK Government
-	9,869	9,869	-	11,152	11,152	Private Equity
-	-	-	-	-	-	Property
-	10,484	10,484	-	9,315	9,315	UK property
-	7,561	7,561	-	7,196	7,196	Overseas property
-	-	-	-	-	-	Investment Funds and Unit Trusts
49,641	-	49,641	47,455	-	47,455	Equities
20,034	-	20,034	17,647	-	17,647	Bonds
-	-	-	-	-	-	Commodities
-	83	83	-	145	145	Infrastructure
1,140	8,031	9,172	1,096	7,534	8,630	Other
-	-	-	-	-	-	Derivatives
-	(70)	(70)	-	186	186	Foreign exchange
-	-	-	-	-	-	
<b>95,557</b>	<b>39,496</b>	<b>135,053</b>	<b>87,026</b>	<b>38,908</b>	<b>125,934</b>	<b>Totals</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 incremental valuation of the scheme as at 31 March 2023.

The significant assumptions used by the actuary have been:

31 March 2022	Actuarial Assumptions	31 March 2023
	<b>Long-term expected rate of return on assets in the scheme</b>	
2.8%	Equity investments	2.8%
2.8%	Bonds	2.8%
2.8%	Property	2.8%

## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Accounts

31 March 2022	Actuarial Assumptions	31 March 2023
2.8%	Cash	2.8%
	<b>Mortality assumptions</b>	
	Longevity at 65 for current pensioners	
21.9 years	Men	22.1 years
24.4 years	Women	24.4 years
	Longevity at 65 for future pensioners	
22.9 years	Men	22.8 years
26.0 years	Women	26.1 years
	<b>Financial assumptions</b>	
3.2%	Pension Increase Rate (CPI)	3.0%
3.6%	Rate of increase in salaries	3.5%
2.7%	Rate for discounting scheme liabilities	4.8%

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

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

#### Impact on the Authority's Cash Flows

Change in assumptions at 31 March 2023	Approximate % increase to employer liability	Approximate monetary amount £'000
0.1% decrease in Real Discount Rate	2%	2,226
1 year increase in member life expectancy	4%	5,610
0.1% increase in the Salary Increase Rate	0%	189
0.1% increase in the Pension Increase Rate (CPI)	1%	2,070

## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Accounts

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £14.3m (2021/22 £52.3m). 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 triennial review relating to the 222/23 accounts was the period April 2019 to March 2022). A new triennial valuation will cover the period from April 2022 to March 2025 but can be revised at any other time as instructed to do so by the administering authority. The contribution to the scheme in 2022/23 is £4.4m (2021/2022 was £3.2m).

The weighted average duration of the defined benefit obligation for scheme members at 31 March 2023 is 16 years (31 March 2022 18 years).

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

2021/22 £'000		2022/23 £'000
	<b>Non Cash Transactions</b>	
5,301	Depreciation, downward revaluations and impairments	30,802
79	Amortisations	50
3,728	Pension fund adjustments	3,859
6,782	Carrying amount of non-current assets sold	5,113
(12)	(Increase)/decrease in stock	4
(4,324)	(Increase)/decrease in debtors	2
(1,530)	Other non-cash items charged on the provision of services	2,820
25,822	(Decrease)/increase in creditors	(21,301)
<b>35,846</b>	<b>Total non-cash movements</b>	<b>21,349</b>

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

2021/22 £'000		2022/23 £'000
(7,409)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(9,450)
(1,589)	Capital grants credited to the surplus or deficit on the provision of services	(3,238)
<b>(8,998)</b>	<b>Net adjustment</b>	<b>(12,688)</b>

## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Accounts

The net cash flow from operating activities for 2022/23 includes interest received of £410k (2021/22 £14k) and interest paid of £4,511k (2021/22 £4,815k).

#### 30. Cash Flow Statement – Investing Activities

2021/22 £'000		2022/23 £'000
(40,140)	Purchase of property, plant and equipment, investment property and intangible assets	(29,085)
(543,800)	Purchase of short-term investments	(433,202)
1,279	Loans granted	809
7,419	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	9,460
536,799	Proceeds from short-term and long term investments	440,202
3,159	Capital grants received	4,231
<b>(35,284)</b>	<b>Net cash flows from investing activities</b>	<b>(7,585)</b>

#### 31. Cash Flow Statement – Financing Activities

2021/22 £'000		2022/23 £'000
18,000	Cash Receipts of Short-Term and Long-Term Borrowing	26,000
(10,286)	Repayment of Short-Term and Long-Term Borrowing	(13,214)
-	Council Tax, NNDR & other adjustments	4,972
<b>7,713</b>	<b>Total cash flow from financing activities</b>	<b>17,758</b>

#### Reconciliation of liabilities arising from financing activities

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

	2022/23				
	1st April 2022 £'000	Loans Repaid £'000	New Loans £'000	Transfer between Short and Long Term Borrowing £'000	31st March 2023 £'000
Long term borrowings	201,618		26,000	(46,220)	181,398

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

Short term borrowings	13,007	(13,214)	-	46,220	46,013
<b>Total liabilities from financing activities</b>	<b>214,625</b>	<b>(13,214)</b>	<b>26,000</b>	<b>-</b>	<b>227,411</b>

	2021/22				31st March 2022 £'000
	1st April 2021 £'000	Loans Repaid £'000	New Loans £'000	Transfer between Short and Long Term Borrowing £'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>

### 32. Related Parties

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

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

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

In assessing whether a related party relationship might exist, the value of the transaction to both parties is considered. For instance, a number of instances



## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Accounts

where the council has rented space for a Polling Station do not, in the Council's opinion, result in creation of a related party relationship.

Transactions in 2022/23 are disclosed below. Expenditure & income is net of VAT. Further details of these transactions can be provided on request.

Organisation	Type	SADC person	22/23 Exp £000	22/23 Inc £000	Bal 31/3/23 £000 Note 1	Comments
Charity of Sarah Duchess of Marlborough	1	Cllr J Taylor Cllr A Wren		10	11	See note 2
Citizens Advice St Albans	1	Cllr S Howland	190	5	3	See note 3
Lionel Annesley Dorant for Almshouses	1	Cllr S Howland Cllr J Murray		5	23	See note 2
Oak Tree Gardens	3	C O'Callaghan	0		0	
St Albans BID	1	Cllr C White (Observer)	29	62	(88)	See note 4
St Albans City and District Estates	3	L Parker D Phillipson			25	
St Albans Cycle Hub	1	Cllr R Everall	5		15	
St Albans for Refugees	4	Cllr L Needham				See note 5
St Albans Museums & Galleries Trust	2	Cllr L Cunningham		5	5	
West Herts Crematorium Joint Committee	1, 3	Cllr A Rowlands			(1,500)	See note 6

#### Notes:

1. Balances: ( ) = Monies owed. Where notes 2 or 4 apply, includes these balances.
2. The Council collects rents on behalf of these two Charities, acting as their agent. £189k was remitted to the Charity of Sarah Duchess of Marlborough and £113k was remitted to Lionel Annesley Dorant for Almshouses.
3. Citizen's Advice also uses the Hub in the Civic Centre.
4. The Council collects the Levy on behalf of the BID, acting as their agent. £569k was remitted to the BID. The £88k payable at year end comprised £108k due to the BID for collected levy and £20k due from the BID for rent and other services.
5. The Council provides 4 garages rent free at an estimated annual cost of £2k.

## **St Albans City & District Council: Statement of Accounts 2022/2023**

### **Notes to the Accounts**

6. The Joint Committee received a loan from Dacorum Borough Council to build a new Crematorium in Hemel Hempstead. The St Albans share of this loan is £1.5m.

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

1. Oak Tree Gardens (St Albans) Management Company Limited: the council had significant influence over this company until 2 August 2022 and a member of staff was a Director until 20 July 2022.
2. St Albans City and District Estates Limited: the Council owned this company but subsequent to the year end the company was dissolved; during the year the company was inactive and two members of staff were Directors at various times.
3. West Herts Crematorium: the Council has an agreement with five other Hertfordshire authorities for the running of the West Hertfordshire Crematoriums through a Joint Committee. The Agreement provides for deficits to be met by the constituent councils, but in practice the Crematoriums meets its running costs from its own income and builds up reserves where possible to meet future capital improvement costs. The Council's share of the activity is considered to be immaterial and therefore Group Accounts are not prepared. The Council does not control the assets and therefore they are not included in the Balance Sheet. It is expected that Three Rivers District Council will take over operation of the Crematoria in the near future (as provider of a shared service to the other five current members)
4. The Council is trustee for 4 local charities and provides benefits in kind (eg grass cutting) when appropriate. These are the Clarence Park Recreation Ground Trust (charity number 1047751), the Public Recreation Ground Trust (commonly known as the New England Street Playing Field) (charity number 302456), the Museum of St Albans (charity number 312128), and the Annesley Bequest (charity number 311082).

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

Members and Senior Officers of the Council have direct control over the Council's financial and operating policies. The total Member allowances paid in 2022/23 is shown in note 0. Where grants were given, they were made with proper consideration of the declaration of interests and the relevant Members did not take part in any discussion or decision relating to the grants.

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

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

each Councillor’s profile). As at 22 August 2023 there were 5 declarations outstanding from current councillors.

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

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

### Central Government

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

### 33. Capital Expenditure and Capital Financing

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

2021/22 £'000	Capital financing Requirement	2022/23 £'000
<b>240,253</b>	<b>Opening Capital Financing Requirement</b>	<b>258,107</b>
	<b>Capital investment</b>	
40,562	Property, Plant and Equipment	28,288
-	Intangible Assets	6
1,339	Revenue Expenditure funded from Capital under Statute	2,503
<b>41,901</b>		<b>30,797</b>
	<b>Less Sources of Finance</b>	
3,494	Capital Receipts	4,933
510	Other Government Grants and other contributions	1,244

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

2021/22 £'000	Capital financing Requirement	2022/23 £'000
645	Disabled Facilities Grant	747
-	S31 DLUHC Rough Sleepers Grant	570
851	Leaseholders Recharge	1,146
6,429	Major Repairs Reserve	2,214
411	Revenue contribution to capital	58
10,000	Voluntary revenue provision HRA	-
1,707	Minimum revenue provision General Fund	2,454
<b>24,047</b>		<b>13,366</b>
<b>258,107</b>	<b>Closing Capital Financing Requirement</b>	<b>275,538</b>

2021/22 £'000	Explanation of movements in year	2022/23 £'000
17,854	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	17,431
<b>17,854</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>17,431</b>

### 34. Leases

#### Council as a Lessor

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

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

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

2021/2022 £'000		2022/2023 £'000
30	Not later than one year	49
1,282	Later than one year and not later than five years	1,567
3,777	Later than five years	3,156
<b>5,089</b>		<b>4,772</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.

## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Accounts

#### 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:

2021/2022		2022/2023
£'000		£'000
13	Not later than one year	50
29	Later than one year and not later than five years	279
42		330

#### 35. 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 enough money to pay its debts in the future. If that is the case, MMI can claim back from its major policy holders as members of the mutual, including the Council, part of the claims paid from 1 October 1993. The balance of un-provided claims MMI could ask for as at 31 March 2023 is £0.50m (31 March 2022 £0.50m).

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

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

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

### 36. Nature and Extent of Risks Arising from Financial Instruments

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

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

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

#### Credit Risk

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

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

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £12.4m 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 2023 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

## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Accounts

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 £2,694k (2021/22 £3,650k) outstanding from debtors, £2,048k (2021/22 £2,269k) is past due and this is analysed by age as follows:

31 March 2021 £'000	Trade Debtors Ageing	31 March 2022 £'000
1,381	Debtors not yet due	646
509	Less than 3 months overdue	133
235	3 to 6 months overdue	138
168	7 months to 1 year overdue	172
1,357	More than 1 year overdue	1,605
<b>3,650</b>		<b>2,694</b>

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 2022 to 31<sup>st</sup> March 2023.

<b>Loss allowance by Asset Class 2022/23</b>	
Asset Class (amortised cost): <b>Trade Debtors</b>	Lifetime expected credit losses – simplified approach (for Trade Debtors only) £'000
<b>Opening balance as at 1 April 2022</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)	37
Changes due to modifications that did not result in derecognition (New Debtors)	26
Changes in models/risk parameters	30
Other changes	
<b>As at 31 March 2023</b>	<b>316</b>

### Loss allowance by Asset Class 2021/22

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## Notes to the Accounts

Asset Class (amortised cost): Trade Debtors	Lifetime expected credit losses – simplified approach (for Trade Debtors only) £'000
<b>Opening balance as at 1 April 2021</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 2022</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 £1.38m to be set aside as an allowance.

### Liquidity Risk

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

The Council borrowed £189.6m in 2011/12 in order to provide the funds to pay for the Housing Self Financing debt, and existing Housing debt, taking the total housing debt to £191.1m. Housing Self Financing was the system for financing council housing introduced in April 2012 that replaced the Housing Revenue Account subsidy system. In order to take account of low interest rates and favourable terms, all borrowings were taken at fixed interest rates. The total HRA borrowing as at 31 March 2023 was £143.4m (£120.4m loans over 12 months and £23.0m loans 12 months and under).

During 2022/23 the Council borrowed £16m for the General Fund capital programme. There were three loans, the first and second totalling £6m with a loan term of 0.25 year and the third £10m with a loan term of 1 year. The Council borrowed a further £10m for the Housing Revenue Account with a loan term of



## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Accounts

0.5 year. 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 2022 £'000	Maturity Analysis of Financial Liabilities	31 March 2023 £'000
13,215	Less than one year	46,220
20,000	Between one and two years	24,000
62,000	Between two and five years	55,000
80,916	Between five and ten years	63,915
1,500	Between ten and fifteen years	1,500
-	Between fifteen and twenty years	-
37,070	Greater than twenty years	36,850
<b>214,701</b>		<b>227,485</b>

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

### Market Risk > Interest Rate Risk

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

As mentioned above, all debt is at fixed interest rates ranging from 0.99% to 4.81%, with a weighted average of 2.89%.

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.

# St Albans City & District Council: Statement of Accounts 2022/2023

## Notes to the Accounts

### 37. 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 2021	4,767	366	164	581	38	443	6,359
<b>31 March 2022</b>	<b>4,869</b>	<b>370</b>	<b>165</b>	<b>587</b>	<b>38</b>	<b>457</b>	<b>6,486</b>
<b>Cost or valuation:</b>							
1 April 2022	4,869	370	165	587	38	457	6,486
Additions	-	-	-	-	-	-	-
Revaluation	449	37	17	59	4	37	603
<b>31 March 2023</b>	<b>5,318</b>	<b>407</b>	<b>182</b>	<b>646</b>	<b>42</b>	<b>494</b>	<b>7,089</b>

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

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

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

### 38. 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.

## **St Albans City & District Council: Statement of Accounts 2022/2023**

### **Notes to the Accounts**

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.

### **39. Borrowing Costs**

Since 2019/20 the Council has adopted an accounting policy to capitalise borrowing costs for qualifying assets. Prior to 2019/20 all borrowing costs had been charged to the financing and investment income and expenditure line in the comprehensive income and expenditure statement in the financial year in which they were incurred. Since 2019/20 the approach is to capitalise borrowing costs for qualifying assets and is set out in the council's accounting policies (see Notes to the Accounts 1.20).

The Council has capitalised borrowing costs of £1.4m during the financial period 2022/23 (£1.2m for 2021/22). The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation for the 2022-23 financial period, calculated using the weighted average interest rate on the Council's loan payments, was 2.05% (2.04% in 2021/22) 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.

## St Albans City & District Council: Statement of Accounts 2022/2023

### 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.

2021/22 £'000	Housing Revenue Account Income and Expenditure Statement	2022/23 £'000
	<b>Expenditure</b>	
5,298	Repairs and Maintenance	5,891
6,733	Supervision and Management	7,686
554	Rents, Rates, Taxes and other charges	299
8,394	Depreciation and impairment of non-current assets	26,614
(8,178)	Revaluation gains reversing prior year losses charged to the HRA	(1,094)
43	Debt Management costs	34
99	Movement in the allowance for bad debts	194
217	HRA services' share of Corporate and Democratic Core	251
<b>13,160</b>	<b>Total Expenditure</b>	<b>39,875</b>
	<b>Income</b>	
(27,425)	Dwelling rents	(28,643)
(1,118)	Non-dwelling rents	(1,097)
(708)	Charges for services and facilities	(411)
<b>(29,251)</b>	<b>Total Income</b>	<b>(30,151)</b>
<b>(16,091)</b>	<b>Net (Income)/Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement</b>	<b>9,724</b>
<b>(16,091)</b>	<b>Net (Income)/Cost of HRA Services HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement</b>	<b>9,724</b>
(2,378)	Gain on sale of HRA non-current assets	(3,450)
1,012	Write-off of replaced asset components	481
4,589	Interest payable and similar charges	4,307
(5)	Interest and investment income	(190)
183	Net interest on the net defined benefit liability	(235)
(265)	Capital grants, contributions and other receipts	(561)
<b>(12,955)</b>	<b>(Surplus)/Deficit for the year on HRA services</b>	<b>10,076</b>

## St Albans City & District Council: Statement of Accounts 2022/2023

### 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.

2021/22 £'000	Movement on the Housing Revenue Account Statement	2022/23 £'000
(3,871)	Balance on the HRA at the end of the previous year	(2,261)
(12,955)	(Surplus)/Deficit for the year on the HRA Income and Expenditure Statement	10,076
	<b>Adjustments between accounting basis and funding basis under statute</b>	
8,157	Transfer (from)/to the Capital Adjustment Account for the impairment of dwellings	(16,641)
10,000	Transfer to the Capital Adjustment Account for debt repayment provision	-
(4,500)	Loan repayment funded by MRR	(2,200)
(564)	Transfer from the Capital Adjustment Account for Revenue expenditure funded from capital under statute	(936)
(20)	Contribution from the Capital Receipts Reserve towards the administrative costs of non-current asset disposals	(39)
411	Revenue contribution to capital	2
2,404	Gain on sale of HRA non-current assets	3,470
(1,024)	Write-off of replaced asset components	(481)
182	Capital grants and Contributions	430
-	Other Capital Receipts	11
(566)	HRA share of contributions to or from the Pensions Reserve	(48)
<b>1,525</b>	<b>Net (increase)/decrease before transfers to or from reserves</b>	<b>(6,356)</b>
85	Transfers to/(from) reserves	5,076
<b>1,610</b>	<b>(Increase)/decrease in year on the HRA</b>	<b>(1,280)</b>
<b>(2,261)</b>	<b>Balance on the HRA at the end of the current year</b>	<b>(3,541)</b>

## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Housing Revenue Account

### 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 4,893 dwellings on 31 March 2023:

31 March 2022	Number of Dwellings by Type	31 March 2023
	One bedroom dwellings	
326	- Houses and Bungalows	326
1,086	- Flats	1,081
	Two bedroom dwellings	
507	- Houses and Bungalows	504
926	- Flats	919
	Three bedroom dwellings	
1,880	- Houses and Bungalows	1,874
31	- Flats	31
	Four or more bedroom dwellings	
89	- Houses and Bungalows	89
69	Multi-occupied dwellings	69
<b>4,914</b>		<b>4,893</b>

On 31 March 2023 1.78% (2022 1.10%) of lettable properties were vacant. The change in stock can be summarised as follows:

2021/22	Dwelling Stock Reconciliation	2022/23
4,929	Stock at 1 April	4,914
(15)	Less: Right to buy sales	(14)
2	Newly constructed	-
(2)	Reclassified, disposed, demolished	(7)
<b>4,914</b>	Stock at 31 March	<b>4,893</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, then reviewed and adjusted for as at 31 March 2022. The valuation is at

## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Housing Revenue Account

'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 2022/23 (35% in 2021/22) has been deemed by a Registered Valuer and Local Property Expert as appropriate for St Albans.

31 March 2022	Housing land, dwellings and other property	31 March 2023
£'000		£'000
654,648	Dwellings	589,732
8,645	Other land and buildings	8,348
10,451	Garages	10,941
4,507	HRA shops	4,500
1	Vehicles, Plant and Equipment	1
3,771	Assets under construction	5,900
<b>682,023</b>	<b>Total property plant and equipment</b>	<b>619,422</b>
997	Assets Held for Sale	136
<b>683,020</b>	<b>Total land, dwellings and other property</b>	<b>619,558</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 2022	Vacant Possession Value	At 31 March 2023
£'000		£'000
1,746,625	HRA Dwellings	1,684,261

## St Albans City & District Council: Statement of Accounts 2022/2023

### 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:

2021/22 £'000	Major Repairs Reserve	2022/23 £'000
(4,171)	Opening Balance 1 April	(1,573)
	Transfer to Reserve in year	
(8,105)	Depreciation Dwellings	(8,674)
(217)	Depreciation Non-Dwellings	(189)
(9)	Other depreciation	-
<b>(8,331)</b>	<b>Sub-total</b>	<b>(8,863)</b>
6,429	Used to fund capital expenditure in year	2,214
4,500	Used to fund loan repayment in year	2,200
<b>(1,573)</b>	<b>Closing Balance at 31 March</b>	<b>(6,022)</b>

#### H3. Capital Expenditure

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

2021/22 £'000	Categories of Capital Expenditure	2022/23 £'000
302	Kitchens and bathrooms	917
1,992	External walls and roofing	1,042
525	Windows and doors	1,132
2,106	Heating, wiring and plumbing	2,272
-	Disabled Adaptations	-
450	Other	1,599
-	Property Purchases	-
<b>5,375</b>	<b>Council Dwellings Additions</b>	<b>6,962</b>
83	Other land and buildings	181



## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Housing Revenue Account

3,034	Social Housing Development	2,100
798	Disabled Facilities Grants	901
1,558	Other capital expenditure	1,712
<b>10,848</b>	<b>Total Capital Expenditure</b>	<b>11,856</b>

b) This was financed as follows:

2021/22 £'000	Financing of Capital Expenditure	2022/23 £'000
6,430	Major Repairs Reserve	2,112
1,031	Capital Receipts Reserve	1,531
1,078	Grants and contributions	2,173
411	Revenue Contribution to Capital	2
1,898	Borrowing	6,037
<b>10,848</b>	<b>Total Capital Funding</b>	<b>11,856</b>

c) The Council has capital contract commitments as at 31 March 2023 of £3.4m relating to Housing Investment Programme schemes (the Housing capital programme).

#### H4. Capital Receipts

The number of Council property sales was 14 (2021/22: 15). 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	2022/23 £'000
3,950	Dwelling sales (subject to pooling)	6,019
765	Non-poolable receipts	79
<b>4,715</b>	<b>Gross capital receipts</b>	<b>6,098</b>
(20)	Less Costs	(20)
	<b>Payable to National Pool</b>	
(934)	For current year	-
<b>3,761</b>	<b>Retained Capital Receipts</b>	<b>6,078</b>

## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Housing Revenue Account

#### 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

2021/22 £'000	Depreciation	2022/23 £'000
8,042	Dwellings	8,582
106	Multi Occupancy Properties	108
9	Equipment, Vehicles and Intangibles	-
217	Garages	189
<b>8,374</b>	<b>Total Depreciation Charged to the HRA</b>	<b>8,879</b>

#### H6. Pension Costs

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

Full details of the pension costs for the whole Council are included within Note 26 to the Core Financial Statements.

2021/22 £'000	Pension Costs	2022/23 £'000
569	Net Cost of Services: - Current Service Cost	725
183	Net Operating Expenditure: - Net Interest expense	235
<b>752</b>	<b>Net charge to the HRA</b>	<b>960</b>
(566)	Amounts to be met from Government Grants and Local taxation: - Movement on pensions reserve	(518)

## St Albans City & District Council: Statement of Accounts 2022/2023

### Notes to the Housing Revenue Account

186	Actual amount charged against Council tax for pensions in the year: Employer's contributions payable to the scheme	442
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#### H7. Rent Arrears and Bad Debts

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

2021/22	Council Tenant Rent Arrears	2022/23
£'000		£'000
1,741	Arrears at 31 March	1,412
6.4%	Rent arrears as a percentage of gross rent income	5.0%

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

2021/22	Bad Debt Provision	2022/23
£'000		£'000
761	Bad debts provision at 1 April	798
(85)	Debts written off in the year	(2)
122	Increase/(decrease) in provision	224
798	<b>Bad debt provision at 31 March</b>	<b>1,020</b>

#### H8. Rent Rebates

Assistance with rents for those on low incomes is available under the Housing Benefits Scheme. In 2022/23 27.8% (2021/22 29.2%) 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 2022/2023

### 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.

2021/22 (£'000)			Collection Fund Income and Expenditure Account			2022/23 (£'000)				
Business Rates	Council Tax	Total				Business Rates	Council Tax	Total		
-	(122,273)	(122,273)	Income		Council tax receivable	C1	-	(128,322)	(128,322)	
(47,523)	-	(47,523)			Transfer for Transitional Relief, S13A(1)(C) Reliefs			-		
330	-	330			Business rates receivable	C2	(52,868)	-	(52,868)	
(47,193)	(122,273)	(169,466)			Less Transitional payment protection payable		82	-	82	
6,143	90,601	96,744			<b>Total Income</b>		<b>(52,786)</b>	<b>(128,322)</b>	<b>(181,108)</b>	
-	13,122	13,122	Expenditure	Precepts, Demands and shares:	Hertfordshire County Council		5,253	96,909	102,162	
24,572	14,459	39,031				Police and Crime Commissioner for Hertfordshire		-	14,131	14,131
30,715	-	30,715				St Albans District Council (including Parishes)		21,012	15,319	36,331
180	-	180			Central Government		26,265	-	26,265	
-	112	112			Costs of collection		180	-	180	
(191)	450	259			Write-offs of uncollectable amounts		4	-	4	
(2,724)	-	(2,724)			Allowance for impairment		229	588	817	
112	-	112			Provision for appeals		1,777	-	1,777	
(32,665)	185	(32,480)			Enterprise Zone		105	-	105	
26,142	118,929	145,071								
(21,051)	(3,344)	(24,395)			Contributions towards previous year's estimated Collection Fund surplus/(deficit)	C3	(15,722)	1,461	(14,261)	
40,873	(820)	40,053			<b>Total Expenditure</b>		<b>39,103</b>	<b>128,408</b>	<b>167,511</b>	
19,822	(4,164)	15,658			<b>Movement on Fund balance</b>		<b>(13,682)</b>	<b>85</b>	<b>(13,596)</b>	
1,982	(3,190)	(1,208)			Balance at 1 April brought forward		19,822	(4,164)	15,658	
-	(470)	(470)			<b>Balance at 31 March carried forward</b>		<b>6,140</b>	<b>(4,079)</b>	<b>2,062</b>	
7,929	(504)	7,425	Shares of balance		Hertfordshire County Council		614	(3,126)	(2,512)	
9,911	-	9,911			Police and Crime Commissioner for Hertfordshire		-	(460)	(460)	
19,822	(4,164)	15,658			St Albans District Council (included in reserves)		2,456	(492)	1,964	
					Central Government		3,070	-	3,070	
					<b>Total carried forward</b>		<b>6,140</b>	<b>(4,078)</b>	<b>2,062</b>	

## St Albans City & District Council: Statement of Accounts 2022/2023

### 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	608	0.67	407
B	between £40,001 and £52,000	1,875	0.78	1,463
C	between £52,001 and £68,000	7,238	0.89	6,442
D	between £68,001 and £88,000	13,714	1.00	13,714
E	between £88,001 and £120,000	11,753	1.22	14,339
F	between £120,001 and £160,000	8,707	1.44	12,538
G	between £160,001 and £320,000	7,516	1.67	12,551
H	over £320,000	1,277	2.00	2,554
		52,688		64,008
	Less adjustment for non-collection (1%)			(640)
	<b>Council Tax Base for 2022/23</b>			63,368
	Council Tax Base for 2021/22			61,607

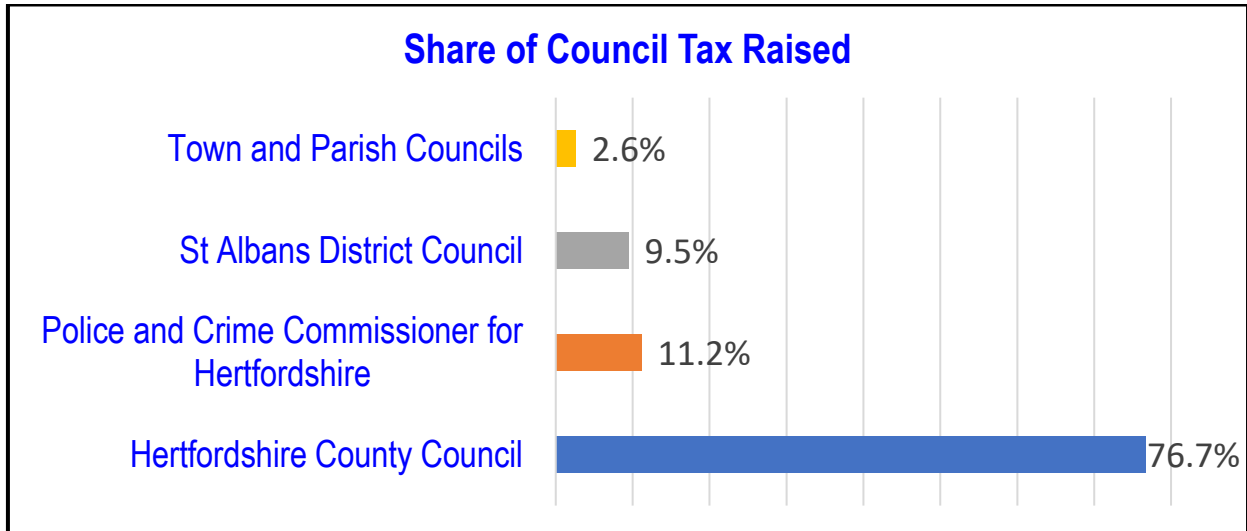
Council Tax Levy at Band D by Precepting Council:

2021/22	Council Tax Levy at Band D	2022/23
£1,470.63	- Hertfordshire County Council	£1,529.31
£213.00	- Police and Crime Commissioner for Hertfordshire	£223.00
£185.41	- St Albans District Council	£190.41
£49.28	- Town and Parish Councils	£51.34
<b>£1,918.32</b>	<b>Average Council tax Levy at Band D</b>	<b>£1,994.06</b>

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

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

## Collection Fund Statement



### 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:

2021/22	Business Rate Factors	2022/23
148,039,308	Rateable value at 31 March as notified by the Valuation Office Agency	177,986,078
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 Hertfordshire 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 Hertfordshire County Council, to retain 75% of business rates within the area with the remaining 25% paid to central government.

### 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.

2021/22	Precepting Authorities	2022/23
---------	------------------------	---------

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

<b>Business Rates</b>	<b>Council Tax</b>	<b>Total</b>		<b>Business Rates</b>	<b>Council Tax</b>	<b>Total</b>
<b>£'000</b>	<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
(4,329)	159	(4,170)	Hertfordshire County Council	(1,572)	1,118	(454)
-	22	22	Police and Crime Commissioner for Hertfordshire	-	164	164
(12,889)	4	(12,885)	St Albans District Council	(6,289)	178	(6,111)
(15,447)	-	(15,447)	Central Government	(7,861)	-	(7,861)
<b>(32,665)</b>	<b>185</b>	<b>(32,480)</b>	<b>Total surplus/(deficit)</b>	<b>(15,722)</b>	<b>1,460</b>	<b>(14,261)</b>

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

**St Albans City & District Council: Statement of Accounts 2022/2023  
Annual Governance Statement**



**ST ALBANS CITY  
AND DISTRICT  
COUNCIL**

**ANNUAL  
GOVERNANCE  
STATEMENT**



# St Albans City & District Council: Statement of Accounts 2022/2023 Annual Governance Statement

## St Albans City and District Council – Annual Governance Statement 2022-23

### 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 2023, 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 2023/24.
- 1.4 The AGS has been prepared in accordance with guidance produced in 2016 by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) – The ‘Delivering Good Governance in Local Government Framework’. It embraces the elements of internal control required by the ‘Code of Practice on Local Authority Accounting in the United Kingdom. Also supporting the AGS is the Council’s Code of Corporate Governance, which too is consistent with the principles of the SOLACE framework.

### 2. The Purpose of the Governance Framework

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

## St Albans City & District Council: Statement of Accounts 2022/2023 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 2023 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 2022/23 included:
- i. The Council Plan** – identifies and communicates the Council's vision, objectives and priorities.
  - ii. The Corporate Risk Register** – reflects the objectives of the Corporate Plan and identifies the implications for the Council's governance arrangements.
  - iii. The Constitution** – sets out the Council's decision-making framework and is regularly updated.
    - gives a clear definition of the roles and responsibilities of councillors, committees, and the statutory officers (Head of Paid Service, Section 151 Officer and Monitoring Officer);
    - includes a scheme of delegation of responsibility, financial regulations and contract standing orders; and
    - defines codes of conduct for Councillors and officers, and a protocol for how the two work together.
  - 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.

## St Albans City & District Council: Statement of Accounts 2022/2023 Annual Governance Statement

- 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. The CIPFA review of the Audit Committee has been completed and recommendations implemented, including the appointment of an independent Chair of the Audit Committee
- 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 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)** comprises the Chief Executive and three Strategic Directors and is responsible for the day-to-day management of the

## St Albans City & District Council: Statement of Accounts 2022/2023 Annual Governance Statement

Council. The current Strategic Directors started in April 2022 and are embedding change. The Customer Delivery Strategy has been implemented.

- xv. Corporate Property Board** was introduced during the year to facilitate closer review of the capital programme delivery and the property asset portfolio. The Board comprises SLT Members, the Assistant Director (Built Environment), relevant project managers and lead councillors. The Board does not have constitutional decision-making powers; these remain with the relevant service committee.
- xvi. Risk Management** – a Corporate Risk Strategy overseen by SLT and Audit Committee. There has been a fundamental review of the risk registers (strategic and operational) following the Council's restructure.
- xvii. Standard committee report format** – that includes specific consideration of all legal, financial, professional, technical, risk management and equalities implications.
- xviii. Medium Term Financial Strategy** – which informs service planning and budget setting.
- xix. A complaints procedure**
- xx. Internal Audit** - a risk-based approach to internal audit, emphasising the need for sound control, governance and risk management arrangements. On 1 November 2022 St Albans joined the Internal Audit shared service hosted by Broxbourne Borough Council and includes Harlow and Epping Forest District Councils.
- xxi. Whistle blowing policy and process** – sits alongside the anti-fraud, bribery and corruption strategy (last updated October 2022) outlining the Council's zero tolerance approach to fraud, bribery and corruption. The whistleblowing policy is currently being refreshed to take account of the changes in structure of the Council.

### 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;

## St Albans City & District Council: Statement of Accounts 2022/2023 Annual Governance Statement

- The work of Internal Audit including the Annual Report of the Head of Internal Audit which provides assurance in this regard is overseen by the Audit Committee;
- 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 2022/23.

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

- 5.1 This AGS demonstrates that the Council’s governance arrangements have remained fit for purpose during 2022/23.
- 5.2 The SLT has undertaken an assessment of the arrangements for governance during 2022/23 including a review of the assurance checklists and statements submitted by managers. It has concluded that arrangements are fit for purpose and working effectively. As a result of this assessment, a small number of other governance issues have been identified in order to further strengthen arrangements. These are set out in Table 2.

### 6. Governance Issues Identified

- 6.1 This final part of the AGS outlines the actions taken, or proposed, to deal with significant governance issues identified. The Council’s 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 2021/22 AGS	Action 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</p>	<p>Implications are being monitored with mitigating strategies being developed and implemented by SLT (Senior Leadership Team). These feature as key considerations in the reports presented to Policy Committee throughout 2022/23 and will</p>

## St Albans City & District Council: Statement of Accounts 2022/2023 Annual Governance Statement

Key improvement/review area identified in the 2021/22 AGS	Action taken in 2022/23 to address the issue
<p>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>continue in 2023/24. The budget was approved at the Council meeting on 22 February 2023 and forms the basis of a revised Medium Term Financial Strategy) (MTFS).</p>
<p><b>Statement of Accounts</b> Nationally, councils continue to have difficulty getting their final accounts audited. This is the same for St Albans</p>	<p>The latest draft published accounts on the Council's website are for the financial year 2020/21. These are still being audited by the Council's External Auditors, BDO. The Audit Committee is being updated on progress</p>
<p><b>Financial Resilience and Financial Management Code review</b> Rolled over from last year following on from 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. An assessment will be undertaken to ensure the Council can demonstrate compliance with the Code. Or if there are deficiencies, an action plan will be developed to address the issues.</p>	<p>The assessment was delayed whilst resources were focussed on the budget setting process and assisting External Audit. An assessment will be undertaken in 2023/24, after the 2020/21 External Audit has been completed. In addition, the financial planning process, and the Council's Medium-Term Financial Strategy in particular, was kept under review as the Council seeks to restore financial stability and maintain sustainability in the longer term. The budget was approved at the Council meeting on 22 February 2023, and this will form the basis of a revised MTFS.</p>

## St Albans City & District Council: Statement of Accounts 2022/2023 Annual Governance Statement

Key improvement/review area identified in the 2021/22 AGS	Action taken in 2022/23 to address the issue
<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>This has been completed. The updated Local Code of Corporate Governance was reviewed by the Audit Committee at their October 2022 meeting.</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>The recommendations made in the 23 June 2022 CIPFA review of the Audit Committee report have been implemented.</p> <p>One of the key recommendations was the appointment of an Independent Chair of the Audit Committee, who is now in post.</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 Strategic Risk Register has been subject to a fundamental review. The directorate risk registers are in the revised format, consolidated and the first one went to the April 2023 Audit Committee meeting for review.</p>

## St Albans City & District Council: Statement of Accounts 2022/2023 Annual Governance Statement

Key improvement/review area identified in the 2021/22 AGS	Action taken in 2022/23 to address the issue
<p><b>Training and awareness</b></p> <p>A number of areas where further training and awareness was identified in the checklists include budgetary control/financial monitoring, project management and Financial Regulations</p>	<p>All staff training on anti-bribery and corruption has been completed and a series of contract monitoring workshops rolled out across the Council during 2022/23.</p>

6.2 In preparing this statement and reviewing the effectiveness of the Council’s governance arrangements, the following areas have been identified for improvement. 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 2023/24**

Key improvement/review area identified in the 2022/23 AGS	Action to be taken in 2023/24 to address the issue
<p><b>Economic issues</b></p> <p>Economic volatility, both nationally and globally, continues. This along with supply chain issues and high inflation has a direct impact on the Council in terms of potential cost increases especially for major works and projects.</p> <p>The 2022/23 economic situation is also proving challenging for the local community and is increasing the demand for Council services in some areas (e.g., Housing Benefit) as well as exerting pressure on core Council funding streams such as Council Tax and Business Rates.</p>	<p>The implications will continue to be closely monitored by the Strategic Leadership Team (SLT). Mitigating strategies, will be part of the key considerations in the reports presented to the Strategy and Resource Committee and in the development of the MTFs (Medium Term Financial Strategy) for 2024/25 and future years. Work is being started early in the year to prepare for the budget setting for 2024/25 to allow for appropriate consideration and scrutiny by the service committee of the options available to arrive at a balanced budget.</p> <p>Frontline services, especially Revenues and Benefits, continue to prioritise and resource the delivery of the various support packages offered by the Government in response to public need (e.g., through various energy schemes and rebates).</p>



## St Albans City & District Council: Statement of Accounts 2022/2023 Annual Governance Statement

Key improvement/review area identified in the 2022/23 AGS	Action to be taken in 2023/24 to address the issue
<p><b>Statement of Accounts</b></p> <p>The delays with the audit of Accounts reported in the 2021/22 AGS have worsened (nationally) in 2022/23 with the Government now actively considering a range of concerns raised from within the Local Government sector.</p>	<p>The Council continues to work with its External Auditors to resolve the current issues. The Section 151 Officer accesses professional guidance and support available through professional networks.</p> <p>The Audit and Governance Committee will continue to be updated on progress</p>
<p><b>Corporate Peer Challenge Action Plan</b></p> <p>The Peer Challenge report has identified a number of strengths and weaknesses regarding St Albans under the following headings:</p> <ol style="list-style-type: none"> <li>1. Local priorities and outcomes</li> <li>2. Organisational and place leadership</li> <li>3. Governance and culture</li> <li>4. Financial planning and management</li> <li>5. Capacity for improvement</li> </ol>	<p>The Council needs to publish an action plan within six weeks (of receipt of the final report) in response to the Corporate Peer Challenge report publication. A six month check-in (follow up) will be scheduled, giving an opportunity to discuss progress and next steps.</p> <p>Note – the committee and scrutiny function described in 3.1 were revised by Council in April 2023 to come into effect for the new municipal year.</p> <p>Once created, the Council’s progress against its Corporate Peer Challenge action plan will be monitored by SLT and the Strategy and Resource Committee. and published on the Council’s website.</p>
<p><b>Financial Management Code review</b></p> <p>Carried over from last year’s AGS action plan</p>	<p>An assessment will be undertaken in 2023/24, after the 2020/21 External Audit has been completed. This is to ensure the Council can demonstrate compliance with the Code. Or if there are deficiencies, develop an action plan to address these.</p>

## St Albans City & District Council: Statement of Accounts 2022/2023 Annual Governance Statement

<b>Common themes from the Service Assurance Statements were:</b>	
<p><b>Risk Management and business/service planning</b></p> <p>More work is required to ensure risk management is embedded within services, and within service/business planning processes</p>	<p>Work undertaken in 2022/23 to improve risk management processes, especially at the operational level, will continue, with greater alignment with service/business plans processes.</p>
<p><b>Equality Impact Statements</b></p> <p>There were pockets where staff needed more guidance and training around the use of Equality Impact Statements</p>	<p>Building on the strong foundation, recognised as exemplar practice in the Corporate Peer Review, a number of Equality, Diversity and Inclusion champions are being identified from within the council who will be trained to support staff.</p> <p>The issue is also being recognised as part of the 2022/23 Equality and Diversity Internal Audit. Implementation of the agreed recommendations in that report will help strengthen the overall framework.</p>

6.3 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

<p>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.</p>	
<p>Signed:</p> <p>Councillor Chris White (Leader of the Council)</p>	<p>Date: 18/7/23</p>
<p>Signed:</p> <p>Amanda Foley (Chief Executive)</p>	<p>Date: 18/7/23</p>

## **St Albans City & District Council: Statement of Accounts 2022/2023**

### **Independent Auditor's Report**

The Independent Auditor's Report and Opinions are presented as separate documents on our website.

# St Albans City & District Council: Statement of Accounts 2022/2023

## Glossary of Terms

### 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 2022/2023 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 2022/2023 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 of 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 2022/2023 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**

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

## **St Albans City & District Council: Statement of Accounts 2022/2023 Glossary of Terms**

### **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.

### **Impairment**

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

### **Income**



## **St Albans City & District Council: Statement of Accounts 2022/2023 Glossary of Terms**

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 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.

## **St Albans City & District Council: Statement of Accounts 2022/2023 Glossary of Terms**

### **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.

### **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.

## **St Albans City & District Council: Statement of Accounts 2022/2023 Glossary of Terms**

### **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.

### **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.