



Statement of Accounts 2022/23

UNAUDITED

October 2024

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 unaudited 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.

Linda Parker

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

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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.

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	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: https://www.stalbans.gov.uk/sites/default/files/attachments/060122%20Sustainability%20Tracker.pdf.</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.

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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.

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.

	Note	Budget £'000	Actual £'000	Variance £'000
Net Cost of Directorate				
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	316	248
Net Council Budget		16,116	17,270	1,154
Funded by:				
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
Total Income		16,116	16,361	-244
Budgeted Contribution from General Balances and (Surplus) / Deficit for the Year				
		0	908	908

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

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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
(Surplus) / Deficit for the Year		-2,147	-1,280	867

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

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

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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.

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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, telephone 01727 866100.

Statement of Responsibilities

The Authority is required to:

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

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.

Signed

Linda Parker

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

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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.

2021/22			2022/2023			
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000	£'000	£'000	£'000	
Service Segments						
12,402	(11,397)	1,005	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 Services	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
Housing Services						
25,399	(23,349)	2,050	General Fund Housing (i)	24,382	(22,459)	1,923
13,191	(29,251)	(16,060)	Housing Revenue Account (ii)	39,876	(30,152)	9,724
86,978	(80,067)	6,911	Cost of Services (iii)	108,220	(74,908)	33,312
		2,782	Other operating expenditure (note 8)			(1,248)
		5,982	Financing and investment income and expenditure (note 9)			4,849
		(21,789)	Taxation and non-specific grant income (note 10)			(22,780)
		(6,114)	(Surplus)/deficit on Provision of Services			14,133
		(45,901)	(Surplus)/Deficit on revaluation of property, plant and equipment assets (note 19)			54,478
		(10,485)	Actuarial (gains)/losses on pension assets/liabilities (note 26)			(41,599)
		(56,386)	Other Comprehensive Income and Expenditure			12,879
		(62,500)	Total Comprehensive Income and Expenditure			27,012

Comparatives corrected 19.11.2024

- 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.

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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
977,841	Long Term Assets		914,192
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	12,385
28,858	Current Assets		21,395
(13,214)	Short Term Borrowing	14	(46,220)
(47,096)	Short Term Creditors		(29,422)
(900)	Short term provisions		1,890
(61,210)	Current Liabilities		(73,752)
(52,288)	Pension Liability	26	(11,431)
(201,486)	Long term borrowing	14	(181,266)
(2,851)	Other Long-term Liabilities and Provisions		(6,358)
(3,255)	Capital Grants Receipts in Advance		(4,135)
(259,880)	Long Term Liabilities		(203,190)
685,609	Net Assets		658,645
(24,558)	Usable Reserves		(33,568)
(661,051)	Unusable reserves	19	(625,074)
(685,609)	Total reserves		(658,642)

Small differences occur during to rounding

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

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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”.

Signed

Linda Parker

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

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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
(1,525)	Net surplus or (deficit) on the provision of services	(14,134)
43,529	Adjustment to net surplus or deficit on the provision of services for non-cash movements	18,469
(9,319)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(12,725)
32,685	Net cash flows from Operating Activities	(8,390)
(34,963)	Investing Activities	(7,547)
7,714	Financing Activities	17,758
5,436	Net increase or decrease in cash and cash equivalents	1,821
5,130	Cash and cash equivalents at the beginning of the reporting period	10,564
10,566	Cash and cash equivalents at the end of the reporting period	12,385

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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.

2022/2023	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserves	Major Repairs Reserve	Capital grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1st April 2022	(4,454)	(10,351)	(2,258)	(426)	(4,890)	(1,573)	(606)	(24,558)	(661,050)	(685,607)
Movement in reserves during 2022/2023								-		
Total Comprehensive Income and Expenditure	4,059		10,076		-	-	-	14,135	12,879	27,014
Adjustments between accounting basis & funding basis under regulations (note 3)	2,355		(16,432)		(4,637)	(4,449)	17	(23,146)	23,097	(49)
Earmarked Reserves transfers	(5,477)	5,477	5,077	(5,077)				-		-
Net (Increase)/Decrease in 2022/2023	937	5,477	(1,279)	(5,077)	(4,637)	(4,449)	17	(9,011)	35,976	26,965
Balance at 31 March 2023	(3,517)	(4,874)	(3,537)	(5,503)	(9,527)	(6,022)	(589)	(33,569)	(625,074)	(658,642)

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

Notes to the Accounts

1. Accounting Policies

1.1 General Policies

The Statement of Accounts summarises the Council's transactions for the 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).

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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.

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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:

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- 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.

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- 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

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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.

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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.

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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

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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.

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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.

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

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

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

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

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

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

1.14c Impairment

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

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against the balance (up to the amount of the accumulated gains); or

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- 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.

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.

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1.14e Disposals and Non-Current Assets Held for Sale

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

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

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

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

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for

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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 32.

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

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the Comprehensive Income and Expenditure Statement. The Earmarked Reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for expenditure.

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

1.18 Revenue Expenditure Funded from Capital under Statute

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

1.19 Value Added Tax (VAT)

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

1.20 Borrowing Costs

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

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

- Expenditure in respect of the asset is incurred;

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- 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.

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

These changes are not expected to have a material effect on the Council’s 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

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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.

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.

4. Events after the Balance Sheet date

This version of the Statement of Accounts was certified for issue by the Assistant Director, Finance on 31st October 2024. Events taking place after that date will not be reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st 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 of 31st October 2024.

5. Expenditure and Funding Analysis

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

See overleaf

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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	4,341	-	2,516	(444)	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	-	(3,560)	4,119	(17,403)	9,724
Net Cost of Services	20,428	(3,560)	6,949	(23,393)	33,312
Other Income and Expenditure	(4,883)	(1,682)	-	(1,523)	(1,248)
Financing & Investment Income and Expenditure	(967)	(1,114)	(6,949)	(4,929)	4,849
Taxation and other non-specific grant income and expenditure	(8,164)	-	-	15,768	(22,780)
Deficit/(surplus) on Provision of Services	6,414	(6,356)	-	(14,077)	14,133
	General Fund	HRA	Total		
Opening General Fund and HRA Balances	(14,805)	(2,684)	(17,489)		
Less/plus surplus or deficit on General Fund and HRA Balance in year	6,414	(6,356)	58		
Closing General Fund and HRA Balances at 31 March	(8,391)	(9,040)	(17,431)		

Continued overleaf

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

Notes to the Accounts

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	-	(444)	-	(444)
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)	174	-	(17,403)
Net Cost of Services adjustments	(24,135)	742	-	(23,393)
Other (Income)/Expenditure	(1,523)	-	-	(1,523)
Financing & Investment (Income)/Expenditure	(4,929)	-	-	(4,929)
Taxation & other non-specific grant (Income)/Expenditure	7,737	-	8,031	15,768
Non Cost of Services adjustments	1,285	-	8,031	9,316
Difference between General Fund & HRA surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(22,850)	742	8,031	(14,077)

Adjustments Relating to Internal Management Reporting

Adjustments Relating to Internal Management Reporting	Interest	MRP	RCCO	Trading Accounts	Total
2022/23	£'000	£'000	£'000	£'000	£'000
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	-	-	-	-	-
General Fund Total	6	2,454	56	314	2,830
HRA Total	4,117	-	2	-	4,119

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Notes to the Accounts

Segmental income

2022/23 £'000	Segmental Income	2023/24 £'000
	Services	
(1,165)	Chief Executive and Policy	(1,165)
(12,141)	Community Services	(12,141)
(5,879)	Commercial & Development	(5,879)
(3,857)	Corporate Services	(3,857)
(8,149)	Finance and Legal	(8,800)
(22,720)	Housing General Fund	(22,720)
(30,184)	Housing Revenue Account	(30,928)
(2,406)	Planning & Building Control	(2,406)
(86,502)	Total Income analysed on a segmental basis	(87,896)
(23,074)	Non-segmental	(23,081)
(109,576)	Total Income	(110,977)

Expenditure/Income by nature

2022/23 £'000		2023/24 £'000
	Income	
(45,928)	Fees, charges & other service income	(45,929)
-	Other capital receipts and income	(93)
(11,708)	Support Service recharge income	(11,708)
(403)	Interest and investment income	(600)
(15,485)	Income from council tax	(15,485)
1,432	Income from business rates	1,437
(37,482)	Government grants and other contributions	(38,599)
(109,576)	Total Income	(110,977)
	Expenditure	
20,971	Employee benefits expenses	22,719
54,518	Other Service Expenses	55,240
11,636	Support Service recharge expenditure	11,635
21,826	Revaluation gains, depreciation, amortisation and impairment	31,719
212	Interest payments	4,520
-	Pension adjustment	(1,007)
3,253	Precepts and levies	3,253
-	Payments to Housing Capital Receipts Pool	-
-	Gain or Loss on Disposal of Fixed Assets and derecognition of replaced asset components	(2,969)
112,416	Total expenditure	125,110
2,840	(Gain)/Loss on the Provision of Services	14,133

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Notes to the Accounts

6. Adjustments Between Accounting Basis and Funding Basis Under Regulations

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
2022/2023						
Adjustments to the Revenue Resources						
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)	(694)	(48)				742
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
Total Adjustments to Revenue Resources	(2,738)	(29,207)	-	-	(3,120)	35,065
Adjustments between Revenue and Capital Resources						
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)
Total Adjustments between Revenue and Capital Resources	5,093	12,775	(9,570)	(6,663)	-	(1,635)
Adjustments to Capital Resources						
Use of Capital Receipts Reserve to finance capital expenditure			4,933			(4,933)
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	-					-
Total Adjustments to Capital Resources	-	-	4,933	2,214	3,137	(10,284)
Total Adjustments	2,355	(16,432)	(4,637)	(4,449)	17	23,146

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.

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Notes to the Accounts

	Balance at 31 March 2021 £'000	Transfers out 2021/22 £'000	Transfers In 2021/22 £'000	Balance at 31 March 2022 £'000	Transfers out 2022/23 £'000	Transfers In 2022/23 £'000	Balance at 31 March 2023 £'000
General Fund Earmarked Reserves							
Planning appeals reserve	(286)	166	-	(119)	47	-	(72)
Sustainability Projects	(130)	66	-	(64)	52	-	(13)
Earmarked revenue Reserves	(1,965)	674	(424)	(1,714)	158	(69)	(1,625)
Building maintenance reserve	(172)	149	(4)	(28)	25	-	(3)
City Neighbourhoods Committee	(209)	53	-	(156)	22	-	(134)
Train service legal challenge fund	(50)	50	-	-	-	-	-
Transformation Fund	(50)	-	-	(50)	-	-	(50)
Museum Trust grant	(24)	-	-	(24)	-	-	(24)
Lockey House Reserve	(2)	-	(218)	(220)	-	(230)	(450)
Covid 19 government grants	-	688	(688)	-	688	(688)	-
Other Reserves Under £50k at 31 March 2023	(136)	109	-	(29)	25	(1)	(4)
General Fund Total	(3,024)	1,955	(1,334)	(2,404)	1,017	(988)	(2,375)
Collection Fund (timing difference)	(16,139)	8,191	-	(7,947)	5,448	-	(2,499)
Total General Fund Earmarked Reserves	(19,163)	10,146	(1,334)	(10,351)	6,465	(988)	(4,874)
HRA							
Revenue earmarked reserve	(100)	-	-	(100)	9	(5,000)	(5,091)
Capital expenditure reserve	(240)	-	(85)	(326)	-	(85)	(411)
HRA sub-total	(340)	-	(85)	(426)	9	(5,085)	(5,502)
Total	(19,503)	10,146	(1,419)	(10,777)	6,474	(6,073)	(10,376)

8. Other Operating Expenditure

2021/2022 £'000		2022/2023 £'000
3,036	Parish Council Precepts	3,253
934	Payments to the Government Housing Capital Receipts Pool	-
(2,120)	(Gains)/losses on the disposal of non-current assets	(4,888)
1,024	Write-off of replaced asset components *	481
-	Revaluation of Assets held for sale	-
(92)	Other Capital receipts and income	(94)
2,782		(1,248)

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Notes to the Accounts

9. Financing and Investment Income and Expenditure

2021/22 £'000		2022/23 £'000
4,739	Interest payable and similar charges	4,533
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
5,982		4,849

10. Taxation and Non-Specific Grant Income

2021/2022 £'000		2022/2023 £'000
	Council Tax	
(14,459)	Council Tax Income	(15,319)
(411)	Transfer from the Collection Fund	(166)
(14,870)	Council Tax net	(15,485)
	Business Rates	
(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	-
4,686	Business Rates net income	1,431
	Non-specific Grants	
-	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	-
(1,660)	Coronavirus Grants	(19)
(1,613)	Capital grants and contributions	(3,157)
(11,605)	Non-specific Grants sub-total	(8,726)
(21,789)	Total	(22,780)

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Notes to the Accounts

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						
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)
At 31 March 2023	589,843	234,810	18,496	3,438	75,230	921,817
Accumulated Depreciation and Impairment						
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	-	-	-	-	-	-
At 31 March 2023	(112)	(5,204)	(14,195)	(1,816)	-	(21,327)
Net Book Value						
At 31 March 2022	654,648	239,507	4,520	1,460	62,423	962,558
At 31 March 2023	589,731	229,606	4,301	1,622	75,230	900,490

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Notes to the Accounts

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 2021 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 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:

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Notes to the Accounts

- 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:			
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
Total	589,731	228,788	4,934

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Notes to the Accounts

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
6,486	Carrying Value	7,089

13. Investment Properties

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

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.

	Long-Term		Current	
	At 31 March 2022 £'000	At 31 March 2023 £'000	At 31 March 2022 £'000	At 31 March 2023 £'000
Investments				
Cash Equivalents at amortised cost	-	-	7,000	
Cash	-	-	10,566	12,385
Total investments	-	-	17,566	12,385
Debtors				
Financial assets at amortised cost	190	120	5,935	4,932
Impairment Loss Allowance	-	-	(1,057)	(1,249)
Borrowings				
Financial liabilities at amortised cost	(201,486)	(181,266)	(13,214)	(46,220)
Creditors				
Financial liabilities carried at contract amounts	(61)	(66)	(16,449)	(13,139)

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Notes to the Accounts

15. Assets Held for Sale

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

16. Short Term debtors

At 31 March 2022 £'000		At 31 March 2023 £'000
2,598	Central Government Bodies	2,009
-	Other Local Authorities	-
	Other entities and Individuals:	
1,741	Housing Rents arrears	1,412
(798)	Less Impairment Allowance	(1,022)
942	Housing arrears net	390
2,872	Council Tax and Business Rates	3,039
(1,967)	Less share of impairment allowances	(2,167)
905	Council Tax and Business Rates net	872
-	Rent allowances and rebates	-
487	Leaseholder rent arrears	1,233
1,017	Payments in advance	796
4,976	Other miscellaneous debtors	3,765
(724)	Less Impairment Allowance	(283)
5,756	Other net	5,512
10,201	Total	8,783

17. Cash & Cash equivalents

At 31 March 2022 £'000		At 31 March 2022 £'000
3	Cash held by the Council	3
5,561	Bank Current Accounts	4,337
5,001	Short-term deposits	8,045
10,565	Total Cash and Cash equivalents	12,385

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Notes to the Accounts

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
47,096	Total	29,422

19. 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.

2021/22 £'000		2022/23 £'000
(482,828)	Revaluation Reserve	(421,874)
(237,911)	Capital Adjustment Account	(216,605)
52,288	Pensions Reserve	11,431
(43)	Deferred Capital Receipts Reserve	(33)
7,443	Collection Fund Adjustment Account	2,007
(661,051)	Total Unusable Reserves	(625,074)

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
- 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.

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Notes to the Accounts

2021/22 £'000		2022/23 £'000
(453,446)	Balance at 1 April	(482,828)
(61,398)	Revaluation (gain)/loss of assets	(33,648)
15,498	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	88,126
9,453	Impairment of additions (to recognise that an addition is typically a replacement)	-
(36,447)	(Surplus)/deficit on revaluation of non-current assets not posted to the Surplus or deficit on the Provision of Services	54,478
4,253	Difference between fair value depreciation and historical cost depreciation transferred to the Capital Adjustment Account	5,049
2,813	Accumulated (gains)/losses on assets sold or scrapped	1,427
7,066	Amount written off to the Capital Adjustment Account	6,476
(482,827)	Balance at 31 March	(421,874)

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 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.

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Notes to the Accounts

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	Capital Adjustment Account	2022/23 £'000
(210,383)	Balance as at 1 April	(237,911)
	<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</i>	
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
1,339	Revenue expenditure funded from capital under statute	2,503
(2,671)	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
3,588	Sub-total charges	40,578
(4,253)	Difference between fair value depreciation and historical cost depreciation transferred to the Revaluation Reserve	(5,049)
(2,813)	Accumulated gains on assets sold or scrapped	(1,427)
(3,478)	Net written out amount of the cost of non -current assets consumed in the year	34,102
	<i>Capital Financing applied in the year:</i>	
(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)
(24,048)	Sub-total capital financing	(12,796)
(237,909)	Balance at 31 March	(216,605)

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Notes to the Accounts

2021/22 £'000		2022/23 £'000
(3,478)	Net written out amount of the cost of non-current assets consumed in the year (per the Capital Adjustment Account)	34,102
4,253	Add back amount transferred to the Revaluation Reserve	5,049
2,813	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)
2,737	Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (per note 8)	39,432

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.

2021/22 £'000	Pensions Reserve	2022/23 £'000
59,045	Balance at 1 April	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	5,165
(3,736)	Employer's pensions contributions and direct payments to pensioners payable in the year	(4,423)
52,288	Balance at 31 March	11,431

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Notes to the Accounts

20. 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
436		428

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

21. 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
		406.3	-	406.3	75.1	481.4
2021/2022		542.7	-	542.7	154.0	696.7

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.

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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
Total	23	23	45	45

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

22. 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
Total	3	3	98.8	194.9

All redundancies were compulsory.

23. 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
45		115

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Notes to the Accounts

24. Trading operations

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

25. Grants and Contributions income

2021/2022 £'000	Grant Income	2022/2023 £'000
	Credited to Taxation and Non specific grant income	
-	Revenue support grant	-
1,225	New Homes Bonus	1,225
	Funding Guarantee Grant	197
	Services Grant	93
290	EU Exit Funding	-
4,035	Small Business Rate relief	4,035
19	Coronavirus Grants	19
3,157	Capital grants and contributions	3,157
8,726	Sub-Total	8,726
	Credited to services	
20,506	Rent Allowances & Benefits	20,506
922	Recycling credits	922
325	Benefits Administration Grants	325
180	Contribution to NDR costs	180
-	Council Tax Hardship Grant	-
111	Council Tax support admin. subsidy	111
212	Reclaimed Benefits	212
978	Grounds maintenance contributions	978
612	Homelessness Reduction Grant	612
-	Syrian Refugees Grant	-
1	Heritage Lottery and Museum contributions	1
1,608	Other contributions	1,595
25,454	Sub-Total	25,442
34,180	Total	34,168

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Notes to the Accounts

26. Pension Liabilities

Participation in the Pension Scheme

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

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

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

Transactions Relating to Post-employment Benefits

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

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

2021/2022 £'000	Transactions Relating to Post Employment Benefits	2022/2023 £'000
	Comprehensive Income and Expenditure Statement	
	Cost of Services:	
6,252	- Current Service Cost	6,172
7	- Past Service Costs (including curtailments)	434
	Financing and Investment Income and Expenditure	
1,205	Net Interest expense	1,441
7,464	Total Post Employment Benefit Charged/(Credited) to the Surplus or Deficit on the Provision of Services	8,047
	Other Post Employment Benefit Charged/(Credited) to the Comprehensive Income and Expenditure Statement	
	Remeasurements of the net defined benefit liability comprising:	

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2021/2022 £'000	Transactions Relating to Post Employment Benefits	2022/2023 £'000
(2,751)	Return on plan assets (excluding the amount included in the net interest expense)	12,632
(1,056)	Actuarial (gains) and losses arising from changes in demographic assumptions	(1,278)
(12,286)	Actuarial (gains) and losses arising from changes in financial assumptions	(64,153)
397	Experience (gain) and losses	11,200
(15,696)	Total Post Employment Benefit Charged/(Credited) to the Comprehensive Income and Expenditure Statement	(41,599)

Movement in Reserves Statement		
(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
(3,728)	Pension costs transferred to/(from) the Pensions Reserve	(3,624)

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.

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
(52,299)	Net liability arising from the defined benefit obligation	(14,324)

Reconciliation of the Movements in the Fair Value of Scheme Assets

2021/2022 £'000	Pension Scheme Assets	2022/2023 £'000
130,143	Opening fair value of scheme assets at 1 April	135,053
	Impact of tri-annual valuation for 31 March 2022	(62)
	Updated opening fair value of scheme assets at 1 April	134,991
2,597	Interest income	3,641
-	Remeasurement gain/(loss):	
2,751	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
(4,980)	Benefits paid	(5,360)
135,053	Closing fair value of scheme assets at 31 March	125,934

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

2021/2022 £'000	Pension Scheme Liabilities	2022/2023 £'000
189,199	Opening balance at 1 April	182,141
	Impact of tri-annual valuation for 31 March 2022	5,149
	Updated opening balance at 1 April	187,290
6,252	Current Service Cost	6,172
3,802	Interest Cost	5,082
806	Contributions from scheme participants	871
-	Remeasurement (gains)/losses:	
(1,056)	Actuarial (gains) and losses arising from changes in demographic assumptions	(1,278)
(12,286)	Actuarial (gains) and losses arising from changes in financial assumptions	(64,153)
397	Experience (gain)/loss	11,200
7	Past service costs	434
(4,980)	Benefits Paid	(5,360)
182,141	Closing balance at 31 March	140,258

Local Government Pension Scheme Assets Comprised:

As at 31 March 2022			Asset type	As at 31 March 2023		
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	Cash and cash equivalents	8,464	-	8,464
-	-	-	Equity Instruments by industry type	-	-	-
1,926	-	1,926	Consumer	1,936	-	1,936
639	-	639	Manufacturing	1,062	-	1,062
-	-	-	Energy and utilities	-	-	-
742	-	742	Financial institutions	723	-	723
1,167	-	1,167	Health and care	1,054	-	1,054
2,457	-	2,457	Information technology	2,336	-	2,336
-	-	-	Other	-	-	-
-	-	-	Debt Securities	-	-	-
-	3,538	3,538	Other	-	3,381	3,381
9,909	-	9,909	UK Government	5,254	-	5,254
-	9,869	9,869	Private Equity	-	11,152	11,152
-	-	-	Property	-	-	-
-	10,484	10,484	UK property	-	9,315	9,315
-	7,561	7,561	Overseas property	-	7,196	7,196
-	-	-	Investment Funds and Unit Trusts	-	-	-
49,641	-	49,641	Equities	47,455	-	47,455
20,034	-	20,034	Bonds	17,647	-	17,647
-	-	-	Commodities	-	-	-
-	83	83	Infrastructure	-	145	145
1,140	8,031	9,172	Other	1,096	7,534	8,630
-	-	-	Derivatives	-	-	-

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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
-	(70)	(70)	Foreign exchange	-	186	186
-	-	-				
95,557	39,496	135,053	Totals	87,026	38,908	125,934

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
	Long-term expected rate of return on assets in the scheme	
2.8%	Equity investments	2.8%
2.8%	Bonds	2.8%
2.8%	Property	2.8%
2.8%	Cash	2.8%
	Mortality assumptions	
	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
	Financial assumptions	
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

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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

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 most recent being as at 31 March 2022), or at any other time as instructed to do so by the administering authority. The estimated 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).

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27. Cash Flow Statement – Adjustment for Non-cash Movements

2021/22 £'000		2022/23 £'000
	Non Cash Transactions	
12,084	Depreciation, downward revaluations and impairments	30,802
79	Amortisations	50
3,728	Pension fund adjustments	742
11,436	Carrying amount of non-current assets sold	5,113
(12)	(Increase)/decrease in stock	4
80,334	(Increase)/decrease in debtors	2
6,708	Other non-cash items charged on the provision of services	2,585
(59,335)	(Decrease)/increase in creditors	(20,830)
55,022	Total non-cash movements	18,468

28. 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	(3,276)
(8,998)	Net adjustment	(12,726)

29. 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
3,480	Capital grants received	4,269
(34,963)	Net cash flows from investing activities	(7,547)

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Notes to the Accounts

30. 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
7,713	Total cash flow from financing activities	17,758

31. 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). 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 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.

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Notes to the Accounts

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.
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.

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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 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

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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).

32. 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.

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.

2021/22 £'000	Housing Revenue Account Income and Expenditure Statement	2022/23 £'000
	Expenditure	
5,298	Repairs and Maintenance	5,891
6,733	Supervision and Management	7,686
554	Rents, Rates, Taxes and other charges	299
8,425	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
13,191	Total Expenditure	39,875
	Income	
(27,425)	Dwelling rents	(28,643)
(1,118)	Non-dwelling rents	(1,097)
(708)	Charges for services and facilities	(411)
(29,251)	Total Income	(30,151)
(16,060)	Net (Income)/Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	9,724
(16,060)	Net (Income)/Cost of HRA Services HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement	9,724
(2,378)	Gain on sale of HRA non-current assets	(3,450)
1,024	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)
(12,912)	(Surplus)/Deficit for the year on HRA services	10,076

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Housing Revenue Account

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	(2,258)
(12,912)	(Surplus)/Deficit for the year on the HRA Income and Expenditure Statement	10,076
	Adjustments between accounting basis and funding basis under statute	
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)
1,525	Net (increase)/decrease before transfers to or from reserves	(6,356)
88	Transfers to/(from) reserves	5,076
1,613	(Increase)/decrease in year on the HRA	(1,280)
(2,258)	Balance on the HRA at the end of the current year	(3,538)

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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	
				Total Income		(52,786)	(128,322)	(181,108)		
6,143	90,601	96,744	Expenditure	Precepts, Demands and shares:	Hertfordshire County Council		5,253	96,909	102,162	
-	13,122	13,122				Police and Crime Commissioner for Hertfordshire		-	14,131	14,131
24,572	14,459	39,031				St Albans District Council (including Parishes)		21,012	15,319	36,331
30,715	-	30,715			Central Government		26,265	-	26,265	
180	-	180			Costs of collection		180	-	180	
-	112	112			Write-offs of uncollectable amounts		4	-	4	
(191)	450	259			Allowance for impairment		229	587	817	
(2,724)	-	(2,724)			Provision for appeals		1,777	-	1,777	
112	-	112			Enterprise Zone		105	-	105	
(32,665)	185	(32,480)				Contributions towards previous year's estimated Collection Fund surplus/(deficit)	C3	(15,722)	1,460	(14,261)
26,142	118,929	145,071		Total Expenditure		39,104	128,408	167,511		
(21,051)	(3,344)	(24,395)		Movement on Fund balance		(13,682)	85	(13,596)		
40,873	(820)	40,053		Balance at 1 April brought forward		19,822	(4,164)	15,658		
19,822	(4,164)	15,658		Balance at 31 March carried forward		6,140	(4,079)	2,062		
1,982	(3,190)	(1,208)	Shares of balance		Hertfordshire County Council		614	(3,126)	(2,512)	
-	(470)	(470)			Police and Crime Commissioner for Hertfordshire		-	(460)	(460)	
7,929	(504)	7,425			St Albans District Council (included in reserves)		2,456	(492)	1,964	
9,911	-	9,911			Central Government		3,070	-	3,070	
19,822	(4,164)	15,658		Total carried forward		6,140	(4,078)	2,062		

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

Collection Fund Statement

C1. Council Tax

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

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

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

Band	Property Value	Number of dwellings	Ratios	Band D equivalents
A	up to £40,000	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)
	Council Tax Base for 2022/23			63,368
	Council Tax Base for 2021/22			61,607

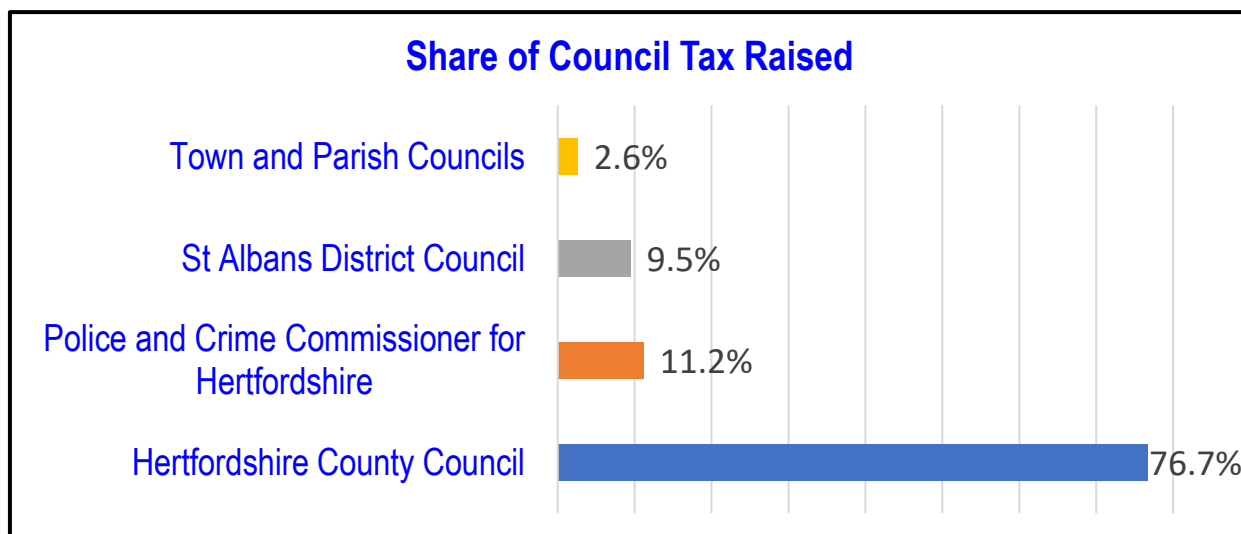
Council Tax Levy at Band D by Precepting Council:

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
£1,918.32	Average Council tax Levy at Band D	£1,994.06

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Collection Fund Statement

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



C2. Income from Business Rates

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

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

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.

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Collection Fund Statement

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

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

2021/22			Precepting Authorities	2022/23		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
£'000	£'000	£'000		£'000	£'000	£'000
(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)
(32,665)	185	(32,480)	Total surplus/(deficit)	(15,722)	1,460	(14,261)

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



St Albans
City & District Council



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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.

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- 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.

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- 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

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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;

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- 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>Economic issues</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>

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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>Statement of Accounts 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>Financial Resilience and Financial Management Code review 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>

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Key improvement/review area identified in the 2021/22 AGS	Action taken in 2022/23 to address the issue
<p>Local Code of Governance</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>CIPFA review of the Audit Committee</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>Common themes from the Service Assurance Statements were:</p>	
<p>Risk Management</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>

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Key improvement/review area identified in the 2021/22 AGS	Action taken in 2022/23 to address the issue
<p>Training and awareness</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>Economic issues</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>

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Key improvement/review area identified in the 2022/23 AGS	Action to be taken in 2023/24 to address the issue
<p>Statement of Accounts</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>Corporate Peer Challenge Action Plan</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"> 1. Local priorities and outcomes 2. Organisational and place leadership 3. Governance and culture 4. Financial planning and management 5. Capacity for improvement 	<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>Financial Management Code review</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>

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Common themes from the Service Assurance Statements were:	
<p>Risk Management and business/service planning</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>Equality Impact Statements</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>

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Independent Auditor's Report

Independent Auditor's Report

The 2022/23 audit report will be included once received.