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AUDIT COMMITTEE

(MEETING TO BE HELD – IN PART – JOINTLY WITH THAT OF THE STATEMENT OF ACCOUNTS COMMITTEE)

Date: Wednesday, 27 November 2024
Time: 6.00pm,
Location: Council Chamber, Daneshil House, Danestrete
Contact: Lisa Jerome
Lisa.Jerome@stevenage.gov.uk

Members: Councillors: C Veres (Chair), T Plater (Vice-Chair), L Briscoe, P Bibby CC, R Boyle, L Guy, M Humberstone, C Roopchand, A Wells and T Wren

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AGENDA

PART 1

1. APPOINTMENT OF PERSON TO PRESIDE

To appoint a person to preside over the element of the meeting which will be held jointly with Statement of Accounts Committee.

2. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

3. 2021/22 STATEMENT OF ACCOUNTS AND EXTERNAL AUDIT REPORT AND 2022/23 STATEMENT OF ACCOUNTS AND EXTERNAL AUDIT REPORT

To provide an update on the process of finalising the 2021/22 and 2022/23 Statements of Accounts, including the Annual Governance Statements.

The report also recommends that that committee approves the 2021/22 and 2022/23 Annual Governance Statements which form part of the statement of accounts, and authorises the CFO, after consultation with the Chair of Audit Committee/Statement of Accounts Committee, to sign the letters of representation required as part of the 2021/22 and 2022/23 external audit process.

After questions the Statement of Accounts Committee will adjourn to allow the Audit Committee to consider the report and to agree any recommendations.

Appendices 1 and 4 to follow

Pages 3 – 294

4. URGENT PART 1 BUSINESS

To consider any Part 1 business accepted by the Chair as urgent.

5. EXCLUSION OF PUBLIC AND PRESS

To consider the following motions –

1. That under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as described in paragraphs1 – 7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to Information) (Variation) Order 2006.

2. That Members consider the reasons for the following reports being in Part II and determine whether or not maintaining the exemption from disclosure of the information contained therein outweighs the public interest in disclosure.

6. URGENT PART II BUSINESS

To consider any Part II business accepted by the Chair as urgent.

Agenda Published 19 November 2024

Meeting	**AUDIT COMMITTEE/STATEMENT OF ACCOUNTS COMMITTEE**
Portfolio Area:	Resources and Transformation
Date:	**27 November 2024**

2021/22 STATEMENT OF ACCOUNTS AND EXTERNAL AUDIT REPORT and 2022/23 STATEMENT OF ACCOUNTS AND EXTERNAL AUDIT REPORT

NON-KEY DECISION

Author	– Rhona Bellis
Contributor	– Brian Moldon/Clare Fletcher/Debbie Hanson (Appendix 1&4)
Lead Officer	– Brian Moldon
Contact Officer	– Brian Moldon

1 PURPOSE

1.1 To provide an update on the process of finalising the 2021/22 and 2022/23 Statements of Accounts, including the Annual Governance Statements. The report recommends that committees receives the 2021/22 and 2022/23 Statements of Accounts and authorises the Chief Financial Officer (CFO) after consultation with the Chair of Audit Committee/Statement of Accounts Committee to approve the accounts following the conclusion of the audit

1.2 The report also recommends that that committee approves the 2021/22 and 2022/23 Annual Governance Statements which form part of the statement of accounts, and authorises the CFO, after consultation with the Chair of Audit Committee/Statement of Accounts Committee, to sign the letters of representation required as part of the 2021/22 and 2022/23 external audit process.

2 RECOMMENDATIONS

2.1 To note the report

2.1 To receive the 2021/2022 and 2022/23 Statement of Accounts for Stevenage BC and to authorise the CFO in consultation with the Chair of Audit Committee/Statement of Accounts Committee to approve the accounts following the conclusion of the external audit, 2.2 To approve the 2021/22 and 2022/23 Annual Governance Statements, which form part of the statement of accounts, and

2.3 To authorise the CFO, after consultation with the Chair of Audit Committee, to sign the letters of representation required as part of the 2021/22 and 2022/23 external audit process.

3 BACKGROUND

3.1.1 As previously reported to this committee, nationally there is a significant backlog of outstanding audit opinions for English local authorities Statements of Accounts. For Stevenage, all Statements of Accounts up to and including 2020/21 have been audited and published, leaving 2021/22, 2022/23 and 2023/24 audits outstanding.

3.1.2 Following on from earlier consultations on the governments plans to bring local authority audits up to date, on 30 July 2024, the Minister of State for Housing, Communities and Local Government wrote to all councils advising that, following the consultation:

"I intend to lay secondary legislation when parliamentary time allows to provide for an initial backstop date of 13 December 2024 for financial years (FYs) up to and including 2022/23".

3.1.3 As noted in the letter from the Minister "due to the time constraints, auditors are likely to issue 'disclaimed' audit opinions (no assurance) on many accounts – early indications are that this could be several hundred in this first phase which may, in the short term, cause additional concern. I recognise that aspects of these proposals are uncomfortable, however, given the scale of the failure in the local audit system the Government inherited meant that we have had to take this difficult decision to proceed. Without this action by the Government, audits would continue to be delayed and the system will move even further away from timely assurance".

3.1.4 In respect of "disclaimed" audit opinions, the Minister's letter states: "The Ministry will continue to work with the Financial Reporting Council (FRC) and other key organisations across the local audit sector to support local bodies, auditors and the wider world to understand what the different types of modified opinions mean. As I set out in my statement, local bodies should not be unfairly judged based on disclaimed or modified opinions caused by the introduction of backstop dates that are largely beyond their control and auditors will be expected to clearly set out the reasons for the issuing of such opinions to mitigate the potential reputational risk that local bodies may face. The Government will communicate the necessity of these steps and emphasise the context for modified or disclaimed opinions".

3.1.5 This report is presented to the Audit Committee in its capacity as the body charged with Governance. The Auditor's results reports produced by the Council's outgoing External Auditors, Ernst & Young is shown at appendix 3 and 7.

3.1.6 The **Annual Governance Statements** are shown as separate document and included at Appendix 4 and 8 to this report. This Committee is required to approve the SOA and the Annual Governance Statements for each year.

3.1.7 The Council is required to send to the Council's External Auditors a Letter of Representation (Appendix 1 and 5 to follow on after completion of the audit).

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 Statement of Accounts 2021/22

4.1.1 The Statement of Accounts is Appendix 2 to this report and is required to be signed off by Full Council or a committee delegated to do so such as the Statement of Accounts Committee.

4.1.2 Following the publication of the draft accounts and the audit there was no change to the General Fund or the HRA balance reported to executive in July 2022.

4.2 Statement of Accounts 2022/23

4.2.1 The Statement of Accounts is Appendix 6 to this report and is required to be signed off by Full Council or a committee delegated to do so such as the Statement of Accounts Committee.

4.2.2 Following the publication of the draft accounts and the audit there was no change to the General Fund or the HRA balance reported to executive in July 2023.

4.2.3 Following publication of the draft accounts and a review of asset valuations a change to the latter has been updated and included in the final SOA. An updated General Fund depreciation charge has also been processed as a result of an asset reclassification, however depreciation is not a charge to the General Fund (unlike the HRA) and is reversed out and has not impact on cash balances.

The changes are summarised in the table below.

Movement SOA	CIES [1] £000	Balance Sheet £000
Draft SOA	**(67,551)**	**693,185**
Update to asset valuation (**Error! Reference source not found.**)	1,876	(1,876)
Depreciation on asset reclassified as Plant and Equipment (4.2.5)	111	(111)
Change	**1,987**	(1,987)
Final SOA	**(65,564)**	**691,198**

[1] Comprehensive Income & Expenditure Statement

4.2.4 The changes relate to :

- A property asset was incorrectly valued using the details of another similar asset. The valuation has now been corrected resulting in a reduction of £1.9Million to property, plant and equipment (PPE).
- A CCTV asset was reclassified from land and buildings to plant and equipment, resulting in a depreciation charge in 2022/23 of £111k.

4.3 **External Auditor's Conclusion**

4.3.1 As the Council's appointed Auditor, Ernst & Young LLP is required to review and report on the Council's financial statements and provide a value for money conclusion. Their draft findings and ISA 260 report are included at Appendix 1 and 4.

4.3.2 At the time of writing the report the audit had not been concluded so final minor amendments are recommended to be delegated to the Chief Finance Officer following consultation with the Chair of Audit Committee/Statement of Accounts Committee. The Council's auditors will be present at the Statement of Accounts meeting to update Members on the works outstanding.

4.3.3 At the time the time of writing the report, no objections were received by electors to the 2021/22 accounts or the 2022/23 accounts.

4.3.4 No requests were received for any further details on the Council's financial records.

5 IMPLICATIONS

5.1 **Financial Implications**

5.2 There are no direct financial implications arising from this report.

5.3 **Legal Implications**

5.3.1 Approval of the accounts by committee fulfils the requirements of the Accounts and Audit recommendations (2015).

BACKGROUND PAPERS

- Local Audit Backlog - Statement by Jim McMahon (MHCLG) 30 July 2024 - found here

APPENDICES

- Appendix 1 – Annual Results Report including Draft Letter of Representation 2021/22 (to follow)
- Appendix 2 – Statement of Accounts 2021/22
- Appendix 3 – Annual Governance Statement 2021/22

- Appendix 4 – Annual Results Report including Draft Letter of Representation 2022/23 (to follow)
- Appendix 5 – Statement of Accounts 2022/23
- Appendix 6 – Annual Governance Statement 2022/23

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2021/22
Financial Report including Statement of Accounts and Group Accounts
(DRAFT– Pre-audit)

Stevenage
BOROUGH COUNCIL

The 2021/22 Pre Audit Statement of Accounts was certified as presenting a true and fair view of the financial position of Stevenage Borough Council by the Chief Financial Officer on 29th July 2022. A revised draft was certified on by the Chief Financial Officer on 12 February 2024 following material updates to the accounts as a result of post balance sheet events.

The final version of the Statement of Accounts includes amendments following consideration by Ernst Young and was approved under delegation by the Chair of Audit Committee and Chair of the Statement of accounts Committee on XXXX 2024.

Chair Audit Committee	Chair Statement of Accounts Committee
XXXX 2024	XXXX 2024

This document is part of the Council's policy of providing full information about the Council's affairs. In addition, interested members of the public have a statutory right to inspect the accounts before the Appointed Auditor completes the annual audit. The availability of the accounts for inspection is advertised on the Council's web site.

The Foreword and Narrative Statement have not been updated to reflect operational changes that have taken place since 31 March 2022 and may contain comments that have been superseded by events.

Foreword by Chief Executive

Welcome to Stevenage Borough Council's Statement of Accounts for 2021/22. As a co-operative Council we work alongside residents and partners to improve the lives of the people that live and work in the town. To enable this, it's important that we maintain a high degree of openness around our spending and our decision making. The publication of our accounts is a key part of our commitment to this transparency.

Organisational overview and external environment

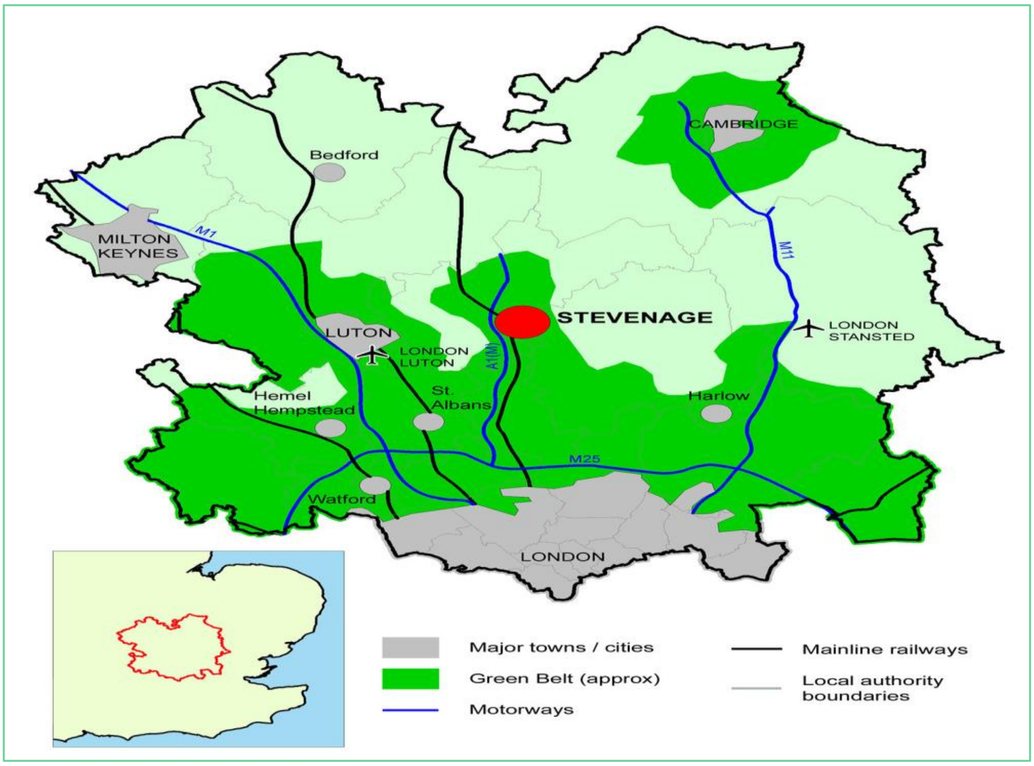
About Stevenage

Stevenage is a town steeped in rich heritage and culture, with a long history spanning back to Saxon times. The town is home to around 88,000 people and 47,000 jobs, with established businesses in key sectors including pharmaceutical, advance manufacture, space and defence, life sciences and health care. The Council's major regeneration programme will also introduce a range of new and exciting shopping and leisure opportunities for residents and consumers.

Geography

Stevenage is strategically located within Hertfordshire 30 miles north of London. With a major station on the East Coast Main Line, Stevenage offers superb connectivity with 19 minute journey times to Kings Cross and less than 40 minutes to Cambridge. Thameslink services giving direct connections to Farringdon, London Bridge and Gatwick have also expanded into Stevenage, with links all the way through to Brighton.

Stevenage is also situated on the A1 (M) with good access to Cambridge, Peterborough, Northampton and Milton Keynes in less than one hour by road. In addition, two international airports are within easy reach: London Luton (14 miles) and London Stansted (29 miles).



About The Council

Stevenage was designated Britain's first new town in 1946. The town was planned and developed by the Government-appointed Development Corporation that was responsible for a series of master plans detailing the way the town would grow. Stevenage Urban District Council became the Borough Council under local government reorganisation in 1974 and by 1980 most of the Development Corporation's functions had been transferred to the Borough Council. Stevenage has a population of around 88,000 people across 13 different wards, which are represented as 6, neighbourhoods as part of Stevenage Borough Councils innovative Co-operative Neighbourhoods approach:

- St Nicholas & Martins Wood
- Woodfield, Old Town & Symonds Green
- Bedwell & Pin Green
- Chells & Manor
- Bandley Hill & Shephall
- Longmeadow & Roebuck

The council employs 752 staff, completes approximately 958,000 recycling collections each year, has 12 Community Centres, 12 car parks and directly manages a housing stock of 7,908 properties.

Altogether Stevenage Borough Council provides circa 120 different services, most of which is directly delivered in-house. The Council's leisure facilities are currently operated under contract by

Stevenage Leisure Limited (due to be retendered for 1 April 2023) and the Council does share some services with other councils:

- Shared Revenues and Benefits service, hosted by East Hertfordshire District Council (EHDC)
- Shared ICT service with EHDC, hosted by Stevenage Borough Council
- Shared Internal Audit Service (SIAS) and Shared Anti-Fraud Service (SAFS) with other Hertfordshire Councils, hosted by Hertfordshire County Council
- Shared CCTV service (partnership and company) with EHDC, North Hertfordshire District Council and Hertsmere Borough Council, hosted by Stevenage Borough Council
- Shared Legal service, hosted by Hertfordshire County Council
- Shareholder in Building Control company with seven other Hertfordshire Councils
- Shared Disabled Facilities service (Hertfordshire Home Improvement Agency), hosted by Hertfordshire County Council
- Shared Procurement service with EHDC and Hertsmere

Business

Many of the world's most innovative companies as well as numerous exciting start-up businesses have chosen Stevenage to base and develop their operations. Whether it is creating new life saving / extending drugs, driving the Lunar Rover on Mars or building a new technology start up, Stevenage has all the ingredients necessary for businesses to succeed. As mentioned earlier our business base has a rich history and diversity that spans a wide range of sectors including aerospace, information technology, pharmaceuticals, advanced engineering and media. A quarter of the world's satellites currently in orbit were made in Stevenage, and we are one of the leading locations for cell and gene therapy development. Our major employers include:

- GlaxoSmithKline
- Airbus Defence & Space
- MBDA
- Stevenage Bioscience Catalyst
- Stevenage Cell & Gene Catapult
- Fujitsu
- Lister Hospital
- Hertfordshire County Council

Living

Stevenage offers residents a wide range of local amenities and a good standard of living. There is a good mix of social, affordable, and private housing in and around the town. Indeed, the town is one of the most affordable placed to live within Hertfordshire. The local schools and colleges provide an excellent education offer.

Stevenage has a strong culture and leisure offer within the town centre and benefits from having many major retailers present within the Borough's high street and retail parks. The Old Town provides a pleasant contrast with the High Street benefitting from several cafes, pubs and independent retailers.

There are over 300 acres of public park within the Borough which provide a wide range of recreational activity that can be accessed via an extensive, safe cycle network. Five of the parks have achieved the prestigious "Green Flag" status. The jewel in the crown of the towns open spaces is the 120 acre Fairlands Valley Park, the features of which include four lakes, play areas, a water sports activity base and a splash park. The Town Centre Gardens which are adjacent to the main town centre is also worthy of note.

Stevenage has a varied cultural offer including the Council operated museum, which is a small, family-friendly facility that tells the story of the town from prehistoric times through to the modern day, including the evolution of Britain's first post-war new town. The Arts and Leisure Centre houses the much acclaimed Gordon Craig Theatre along with various sports facilities including a modern health and fitness suite and a Healthy Hub facility which provides advice and support to people in areas such as physical and mental health. The town also boasts its own swimming pool and golf centre.

Opportunity & Ambition

The Council has proactively approached the transformation of the Town Centre having formed and subsequently developed in-house regeneration and housing development teams who have been working closely with a range of public and private sector partners including the Herts Local Enterprise Partnership and Hertfordshire County Council along with key Government departments such as BEIS.

The 'Stevenage Development Board' was formed in March 2020 to lead the development of a Town Investment Plan. In March 2021 the Board secured £37.5 million funding from the then Ministry of Housing, Communities and Local Government to support the regeneration of the town through the delivery of a range of projects which will provide greater retail, culture and work / skills development opportunities for local people.

Alongside this, post the development of the Town Investment Framework in 2015/16, the Council led a major procurement exercise which resulted in the world-renowned developer Mace being appointed to deliver the £350m SG1 scheme. Enabling works for this scheme have been completed and SG1 will eventually result in over 1,800 new homes, restaurant, commercial spaces, public spaces and a new community hub being delivered in the town centre.

In addition to this, the Council has completed construction of a new bus interchange (opened in Spring 2022) that will enable a new Garden Square (under construction summer 2022) to be introduced on the previous bus station site in the heart of the town. Investments have been made to enhance the public realm in the town centre, including the uplift of the Town Square, and the creation of a new ‘co-working’ facility ‘Co-Space’ on the edge of the Town Square within a unit which had previously remained unoccupied for circa 25 years.

In 2020/21 the Council entered into a partnership with the developer Reef to redevelop part of Queensway in the town centre. Despite the pandemic, the £50million redevelopment has been completed and consists of new residential blocks and a range of new businesses including Cakebox, PureGym, and Chateau Café with a new restaurant and more to follow.

Political Makeup as at March 2021

As set out in the provisions of the Coronavirus Act (2020), the poll for the election of councillors for any local government area in England that would otherwise be held on the ordinary day of election in 2020 was suspended and scheduled to be held instead on the ordinary day of election in 2021.

As such the political composition of the Council was unchanged in the year 2021/22. Across the 13 different wards, there are 39 members. The political makeup as at 31 March 2022 was:

- Labour Co-operative Group - 21
- Conservative - 11
- Liberal Democrats – 6
- Independents - 1

The Council has adopted the Leader and Cabinet model as its Political Structure. The year the Leader of the Council has responsibility for the appointment of the members of the Cabinet and the allocation of areas of responsibility for each cabinet member, except the position of Deputy Leader, who is elected from within the ruling group. The responsibilities of the Council, its Committees, Elected Members and Officers are set out in the Council’s Constitution.

The Senior Leadership Team, led by the Chief Executive, is responsible for implementing the decisions taken by the Council and Cabinet.

Corporate Priorities and Objectives

The Corporate Plan, Future Town Future Council, is the Council’s main strategic planning document and outlines our vision and the outcomes and objectives we wish to achieve through working co-operatively with and for our residents.
Members approved the current Future Town Future Council Corporate Plan in December 2016. It reflects the Council’s continuing focus on co-operative working and outlines the key outcomes and

priorities for the town over the period 2016-2021 through the flagship Future Town Future Council (FTFC) transformation programme. This programme is delivering key improvements that our residents told us they want to see.

At its meeting on 24 February 2021, Council agreed to continue with the current Corporate Plan beyond its original 5-year term, subject to further review in Autumn 2022.

The Council's Executive set clear priorities through the Future Town, Future Council programme. The strategic objectives for this programme were established and confirmed for the year and is subject to quarterly review by the Executive and the Overview and Scrutiny Committee.

Consideration was given to how best to deliver the Corporate Plan themes for the period 2021/22 - 2022/23, and as a result it was agreed that the programmes were consolidated instead into four external-facing programmes and one internal-facing enabling programme, mirroring the Council's priorities which are set out below:

- More Social and Affordable Housing - to increase the number of social and affordable homes in Stevenage
- Transforming our Town - to create a vibrant town centre where people want to live, work and play
- Making your money count – to be a financially resilient council with enough resource to deliver our priorities
- Co-operative Neighbourhoods - work with our communities to improve our neighbourhoods
- A Clean, Green, Safe & Thriving Town - improve the quality of life of Stevenage residents and enhanced experience for visitors

The Council is striving to ensure that its cooperative approach will help to address the economic and social recovery challenges that local people and businesses will face in the year ahead. This will be coupled with a commitment to addressing both the Council and the town's contribution to climate change through sustainable local growth via partnership and resident engagement across the town. Alongside the development and implementation of its own climate change strategy and action plan, the Council is also a founder member of the Hertfordshire Climate Change and Sustainability Partnership (HCCSP) and the Eastern Region Climate Change Forum (RCCF). The Council's Chief Executive is the lead officer for both of these groups.

Over the past year, the Council has made substantial progress across the corporate 'Future Town Future Council' programme and despite the difficulties the current coronavirus outbreak has placed on residents, businesses and the community, the Council is determined to continue its ambitious programme of work to ensure both town and council are revitalised and reimagined for the 21st century.

Throughout 2021/22, business cases for projects that make up the Town Investment Plan were developed and endorsed by the Stevenage Development Board and the Council in its capacity as the accountable body. These projects will provide a real boost to support our broader ambitious programme of work to transform Stevenage town centre.

As referred to earlier the Council is working hard to bring forward the flagship SG1 regeneration scheme, via a partnership with Mace Developments which will include redevelopment of the Council's offices at Daneshill House, the Plaza, bus station and some of the adjacent car parks. These facilities will be replaced with new shops, bars and restaurants, homes, public spaces, and a central public sector hub accommodating a library, exhibition space, health services, heritage centre and SBC's offices. The construction of the new bus interchange provides a higher quality offer for bus users in the town and will improve connectivity and wider transport links for all residents and visitors to Stevenage.

The Council has continued to deliver new social and affordable homes across the town. During 2021/22, a further 17 properties were delivered bringing the total to 286 affordable homes completed since the programme began. A further 21 homes were delivered at North Road and 7 homes at Malvern Close for private sale, bringing in receipts that will enable re-investment elsewhere in the town. On site, progress continues on our flagship site at Kenilworth Close which along with the scheme at Scarborough Avenue which will provide over 250 homes, including a new and state of the art older persons independent living scheme. Planning permission was also granted for a further 38 new homes in 2021/22 with work to start on site in spring 2022. The service has now delivered over 300 homes, is on site at over 300 more, with a further 500 in design development ensuring the Council continues to deliver against its commitment of providing high quality homes for the town.

Further progress was made with the £45Million Major Refurbishment Contract (MRC) programme which spans the Council's 550 low rise flat blocks with phases one and two now completed and phases three and four progressing well. These units have benefited from a range of bespoke works including new roofs and windows which will improve the quality of life for tenants and leaseholders. SBC was the third council in the UK to introduce a programme to retro fit sprinklers in its seven high rise flat blocks and is part of the council's commitment to providing residents with safer homes by providing the highest levels of fire safety and fire protection. The programme continued to be rolled out in 2021/22 and all installations are due to be completed in the next financial year. Further information on the programme can be found here:https://www.stevenage.gov.uk/housing/council-housing/safety-in-your-council-home/retro-fit-sprinkler-program

The Co-operative Neighbourhoods (CN) programme has continued at pace throughout 2021/22. Over 1800 conversations have taken place with residents to listen to their views and priorities at a local neighbourhood level making sure they are at the heart of decision making. Closer collaboration across Council services and with partners will ensure we respond to the strengths, needs and aspirations of communities and localities more effectively. Investments have been made to improve vital local facilities, such as the provision of high quality playgrounds across the town.

Key strategies focussing on ensuring Stevenage remains a clean, green safe and thriving town are regularly reviewed and refreshed to ensure we are delivering on our promises to our residents. In 2021/22 we carried out our resident and tenant survey and they said their top priorities were regenerating the town centre and the development of more affordable housing. These match the Council's top priorities.

Partnership Working

During 2021/22, the Council continued to work closely in partnership with a range of organisations to deliver our shared objectives and meet the challenges facing the town and its residents.

This includes partnership working to secure and deliver regeneration schemes through the Stevenage Development Board and its Independent Chair.
In addition, Stevenage Borough Council joined the formally constituted 'Hertfordshire Growth Board', which is made up of the District and Borough Councils, the County Council and Hertfordshire Local Enterprise Partnership. This Board has been working on a prospectus for investment from Government to help address the identified infrastructure funding deficit and to help

secure funding towards areas such as new homes, tacking climate change and building wealth in local communities.

Linked to this the Council's Leader Chairs the North, East and Central Growth Corridor Board which, along with another such Board for the South and West of the County, reports into the Growth Board and oversees a range of key projects including the work to develop a joint Spatial Plan to inform future development and new settlements.

Governance

Corporate Governance

A Corporate Governance Group meets four times a year to consider governance arrangements from the perspective of the seven core principles of corporate governance in the CIPFA/SOLACE Framework. At Business Unit level, assurance of compliance with the principles of good governance requires all Assistant Directors to complete, certify and return a Service Assurance Statement each year.

The Corporate Governance Group also consider whether any recommendations as a result of external or internal audit activity (and other review agencies and inspectorates), and the Head of Assurance Annual Report, require inclusion in the Statement. These review mechanisms contribute to overall assurance for the 2021/22 Annual Governance Statement.

The Council is responsible for ensuring that its business is conducted in accordance with the law and to proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which include arrangements for the management of risk.

Stevenage Borough Council has adopted a Local Code of Corporate Governance that sets out a commitment to corporate governance and summarises the governance arrangements in place to enable the Council to monitor the achievement of its strategic objectives, to consider whether those objectives have enhanced delivery of appropriate cost-effective services and outlines the activities through which it accounts to and engages with its communities.

The Local Code reflects the core and sub-principles outlined in the 2016 CIPFA/SOLACE Framework, 'Delivering Good Governance in Local Government'. The Council's Local Code of Corporate Governance is reviewed and approved by Audit Committee each year.

The Annual Governance Statement for 2021/22 explains how the Council has continued to comply with the Local Code, summarises the review of its governance arrangements and identifies areas of governance to be strengthened and outlines actions to strengthen areas identified. This includes actions identified by the Shared Internal Audit Service, or that are considered important in the management of 'very high/high level' strategic risks.

Covid-19

The pandemic has had a substantial impact on the Council, our residents, business and other local partners. The net financial impact on the Council is estimated to be £3.8Million. During this challenging time, the Council has worked closely with its partner agencies to help mitigate the impacts of the pandemic and support the most vulnerable residents.

The effects of the pandemic required the Council to quickly adapt services to provide support for residents and businesses and to manage the impacts of the pandemic. At the height of the pandemic, through the Stevenage Helps initiative the council and its partners supported over 500 residents with referrals for help and advice; 327 households received food packs and over 15,000 free re-useable face masks were distributed.

The effects of the pandemic, coupled with the reported and emerging cost of living crisis and the fallout from Russia's invasion of Ukraine, continues to have significant impacts on our residents and businesses in the town. This is reflected in areas of increasing demand or pressures in different service areas such as homelessness support and advice, Council Tax and Housing Benefits, income and rents, and the capacity of teams such as the Environmental Health team who have played a leading role in Local Outbreak Management.

Partnership working and working with communities is key to our recovery and all the work we do to support our community. The council will continue to work with partners to overcome the impact of the pandemic not only in terms of ongoing support for the most vulnerable via the Stevenage Together partnership, but also in terms of economic regeneration and unlocking opportunities for the local economy.

In respect of decision-making during the pandemic, the Council's Executive continued to operate throughout as the primary committee for routine and ad-hoc decisions requiring Member approval to proceed. This ensured stability of the constitutional governance framework was maintained.

The impact of Covid-19 requires a comprehensive recovery response beyond the remit of the Council alone.

The town's and Council's recovery is being taken forward through adopting a co-operative partnership approach, through working with other public sector partners, with local business and commerce representative groups, faith groups, community and voluntary organisations and with academic institutions. Ultimately, the future prosperity and wellbeing of the town in the aftermath of Covid-19 will depend on the Council and its strategic partners continuing to take actions to keep people safe and working towards the Future Town, Future Council vision for the future.

The Council's Executive approved the Council's Town and Council Recovery Plan in July 2020. The recovery plan for the town is currently set around four over-arching themes:

1. Supporting businesses and the local economy
2. Supporting local people and maintaining strong communities
3. Supporting the mental and physical health of the town
4. Travel and mobility

The recovery plan for the Council is based around the following five themes:

1. Ensuring staff and Member welfare
2. Operational services
3. Development and delivery of Future Town, Future Council corporate priorities
4. Transformation and lessons learnt
5. Financial security of the Council

Key recovery actions and activities have been captured in the 2021/22 Corporate Plan (FTFC programme) to ensure continued focus, and subject of regular review through the Future Town, Future Council Programme Board.
The Council's Environment and Economy Select Committee conducted an extensive a review looking at the impact of Covid-19 on the local economy, looking at areas of best practice, successes, challenges and making recommendations to inform future practice.

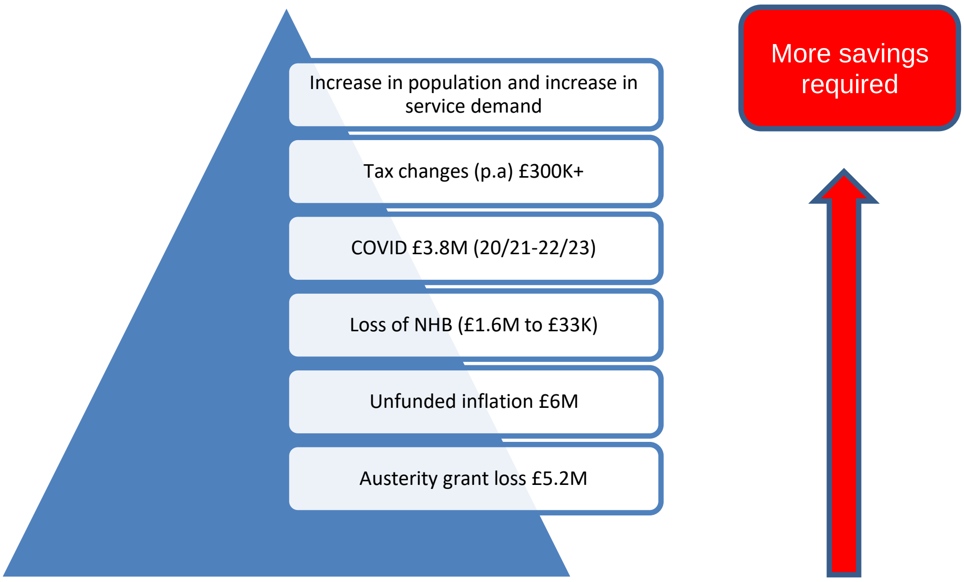
Narrative Statement

Operational Model - Financial Context

Local government has faced significant funding cuts during the period of national austerity (from 2011/12), which has seen successive governments reduce financial support to all parts of the public sector, with lower tier authorities such as Stevenage Borough Council receiving a significant proportion of that reduction.

The impact on Stevenage has been for our General Fund services, a reduction of £5.2Million in government grants to 2019/20, whilst an estimated £6Million of inflation increases and pressures have increased costs. The ability to fund this widening gap from Council tax has been curtailed as legislation limited increases for District Councils at below 2% up to 2017/18 and thereafter to below 2% or £5 on a Band D property, without triggering a local referendum vote. At the same time there has been a transition towards more inherent risks -fluctuating caseloads and funding streams. The growing pressures on the General Fund are shown below.

Pyramid of Pressures for the General Fund



The Council has found cumulative savings of £11Million since 2010/11 though the MYMC programme in order to manage resources and balance the budget.

Budget setting and The Medium-Term Financial Strategy

The Council must set a balanced budget each year (Local Government Finance Act 1992). The Council is required to estimate revenue expenditure and income for the forthcoming year from all sources, together with contributions from reserves, to determine a net budget requirement to be met by government grant and council tax. The Revenue Budget for 2022/23 and the General Fund MTFS was approved by Council on 24th February 2022. The HRA Revenue Account (HRA) Budget was agreed by Council on 26th January 2022.

The Medium-Term Financial Strategy (MTFS) is based upon the vision included in the Council's Corporate Plan. It is the vehicle by which the Council identifies resources to deliver the Corporate Plan. The MTFS covers both the General Fund revenue resources and those for the HRA. Both are supported with resources in the Capital Programme. The MTFS aims to:

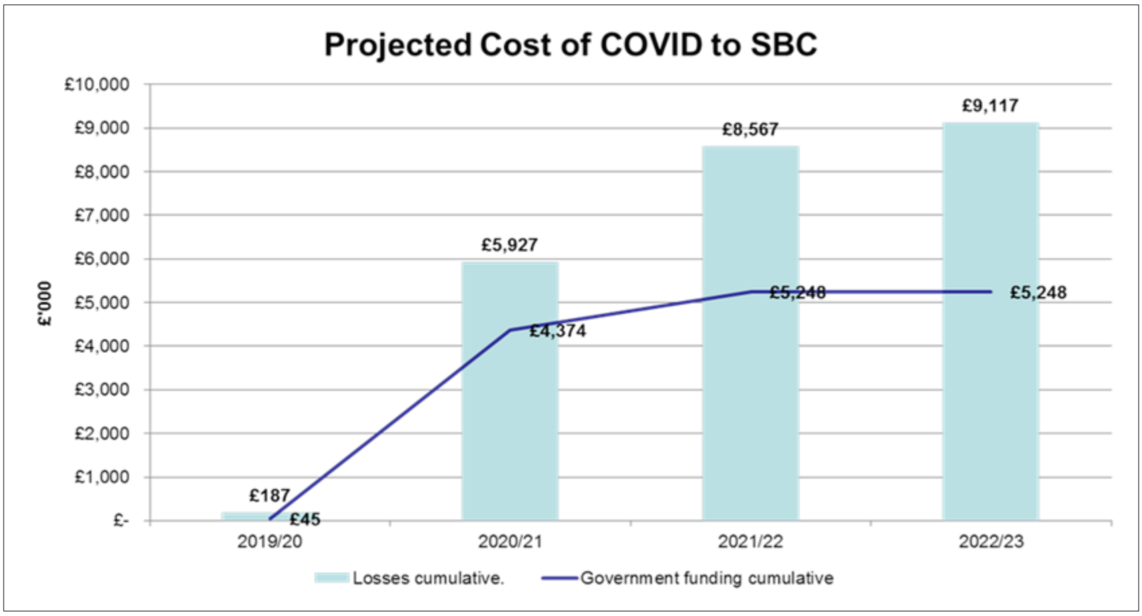
- Ensure the level of reserves remains appropriate – risk assessed minimum level of 2021/22 General Fund Balances approved February 2021 to be £3.65Million
- Achieve an on–going balanced budget by 2022/23 (by ensuring inflationary pressures are matched by increases in fees and income or reductions in expenditure from 2024/25

- Identify service delivery trends, changes in legislation etc. to accurately predict levels of spend in the future.
- Ensure the HRA has the sufficient balances to fund the level of borrowing to fund improvements to council houses and deliver the commitment for new housing.
- Identify a MYMC savings target to ensure that both the General Fund and HRA remain financially resilient
- Increase value for money.

Financial Impact of COVID

The Covid-19 pandemic continues to have a significant financial impact on the council's finances. Pressures include increased costs of homelessness and reduced car parking income.

The projected £3.8Million financial impact of COVID on the Council's finances is set out below. This is after taking account of support from central government and represents a gap in funding which the Council has funded from one-off measures including the use of ring fenced capital receipts and Locality Review receipts to minimise revenue contributions to capital, alongside the use of business rate gain reserves.

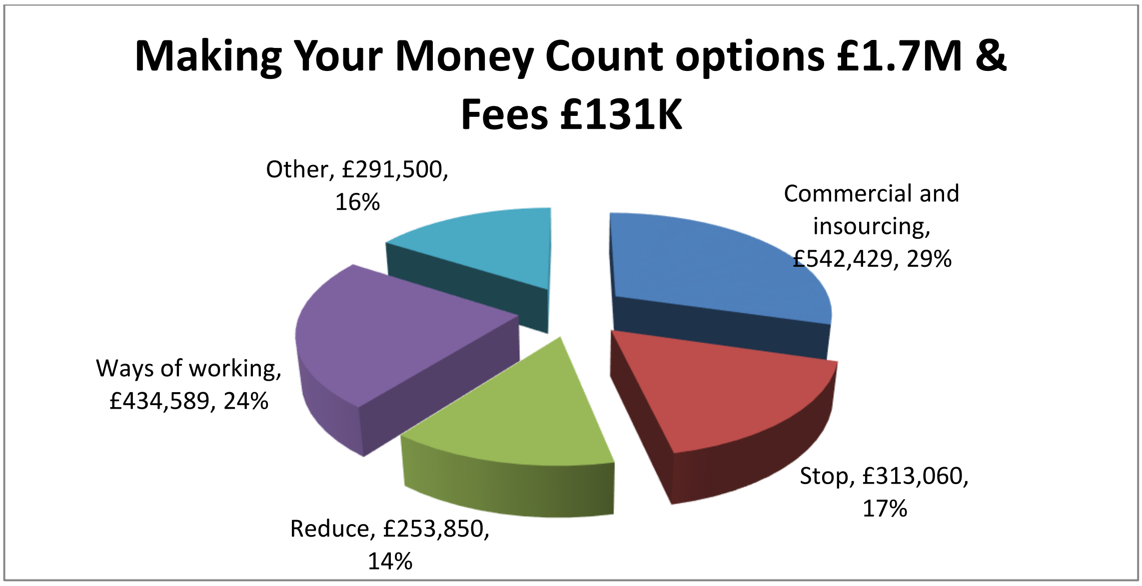


The Governments Plan B and work from home if you can directive (now ended), had a significant impact on the Council's car parking income and as commuters have continued working from home car parking income has been reduced by £1.5Million in 2021/22.

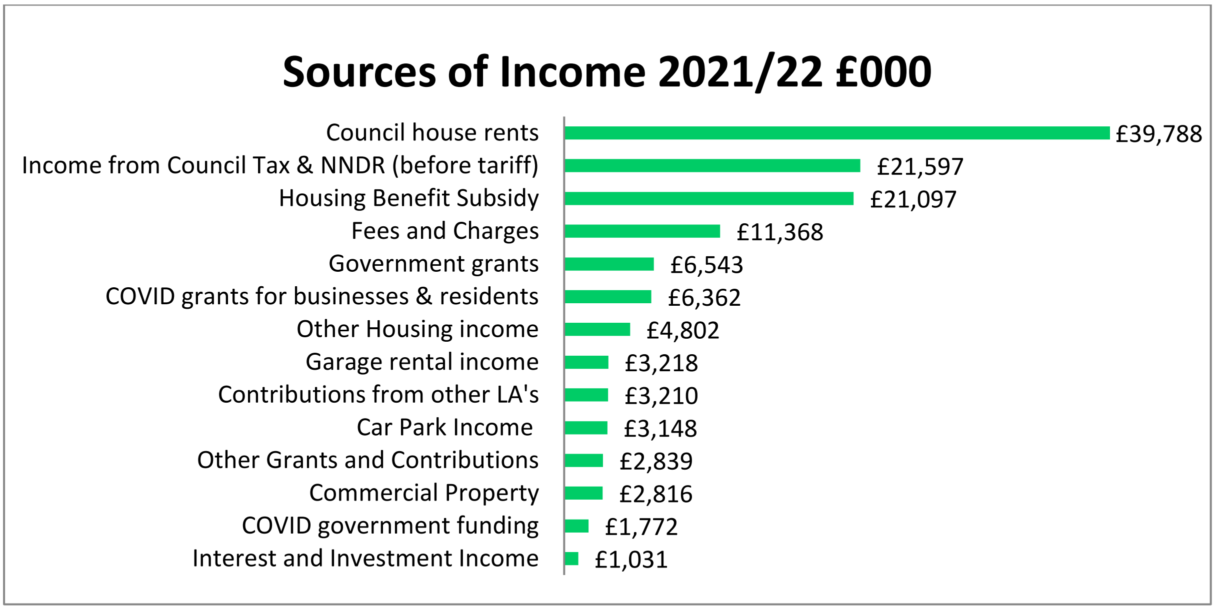
2021/22 Financial Position

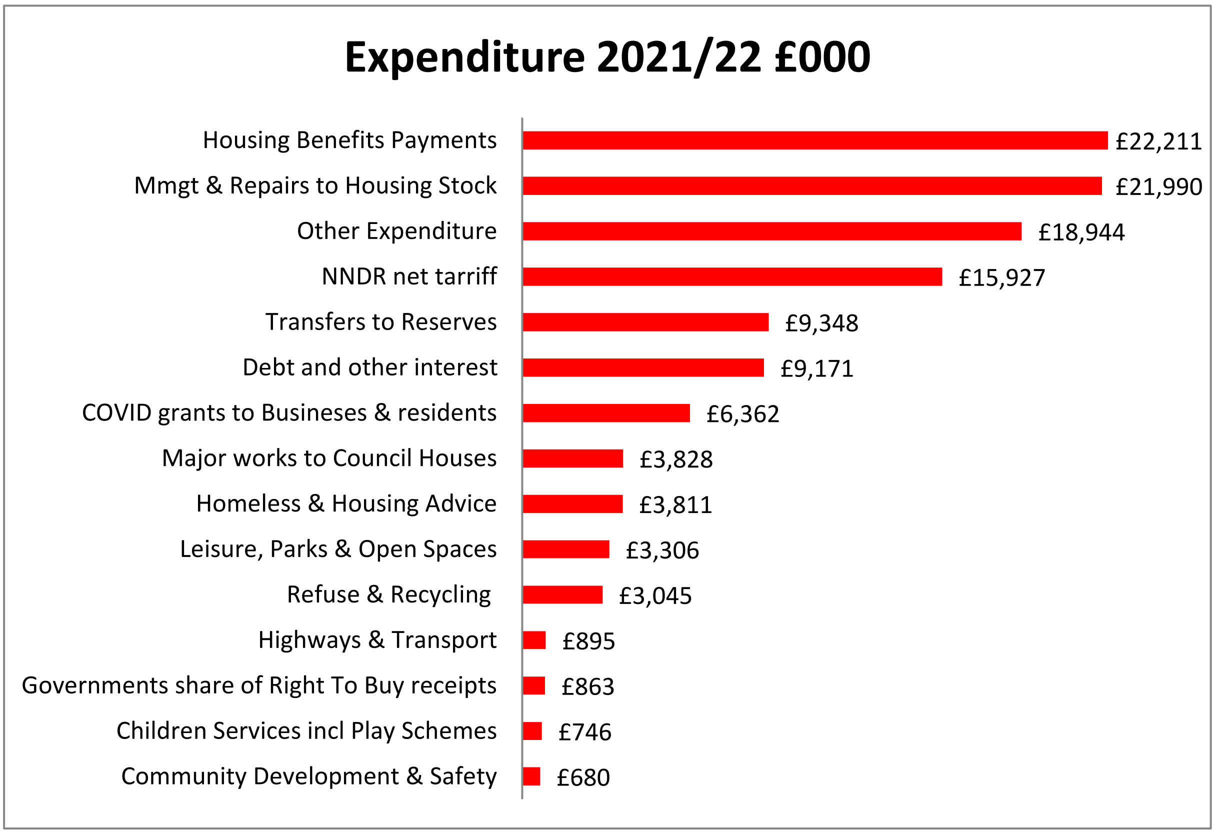
Savings

The graph below shows the different categories of savings options for 2021/22, of which £1.426Million relates to the General Fund and £242K to the Housing Revenue Account (HRA).



The Council provides a wide range of services to the residents of Stevenage including refuse and recycling collections, leisure facilities including children's play schemes and maintenance of the public open spaces in the district. In addition the Council helps to keep the residents safe with responsibility for environmental health issues and ensuring new buildings comply with legislation. The Council also has a responsibility to help homeless families and to administer housing benefit claims. To pay for these services the Council receives money from a number of sources. The following charts show where we receive our income and where we spend it for our residents and tenants.





Risk and Opportunities

The Future Town Future Council (FTFC) programme is an ambitious programme for Stevenage and this brings a level of risk for the Council. The Council maintains a Strategic Risk register which is reported to the Senior Leadership Team (SLT), Corporate Risk Group and our Audit Committee on a quarterly basis. This register includes all the top perceived risks for the Council and includes actions to mitigate risk. In addition any decisions taken by our Members are considered taking into account financial, legal and identified risks.

We ensure that we deliver the services and priorities our Members have approved by reporting quarterly using some key measures and programme updates to see how we are doing. Some of the measures relate to the FTFC programme and the remainder to key performance indicators that check how well we are providing our services and meeting our targets. These are reviewed by the SLT and we look at any mitigation we can implement if our targets are not being met. The performance measures are then approved by our Members. Although not all our measures are on target and we have put plans in place to achieve them and we recognise we can always improve.

A review of the risks facing the General Fund budgets has been listed in the table below, not all the impacts are known at the present time. The current MTFS projections are based on prudent assumptions and include the CFO's best assessment of the financial risks. However, if any of these risks become a reality then the MTFS will need to be updated once the actual impacts are known.

Risk Area	Risk Mitigation	Likelihood	Impact
Government COVID funding does not cover losses in 2022/23 or meet any increase in 2021/22 in losses	Additional MYMC options will need to be identified and a number of options are being considered.	High	High
Anticipated MYMC options not achieved (Negative Risk) –agreed options do not deliver expected level of savings either on a one-off basis or On-going.	Regular monitoring and reporting takes place, but the size of the net budget reductions increases the risk into the future. Non achievement of options would require other options to be brought forward. General Fund reserves should be held to ensure that decisions to reduce net costs are taken in a considered manner. This may become more of a risk as options around commercialisation are explored.	Medium	Medium
REVISED: Council Tax Support (CTS) (Negative Risk) – Increased demand is under- estimated.	An increase in demand would impact on future years as the deficit in the collection fund would need to be repaid by the General Fund. However the modelling in the MTFS leaves the higher level of CTS caseload.	High	Medium
Localisation of Business Rates (Potential Negative) – A major employer leaves the town and impacts the business rate yield due to the Council	Negative: The safety net means a maximum loss in year of £190K which the council has included in an allocated reserve. On-going this would impact on the savings target and ultimately services.	Medium	High
Loss of Business Rates due to Companies going into administration	As above.	High	High

Risk Area	Risk Mitigation	Likelihood	Impact
The NDR Check Challenge Appeal process impacts on the council's baseline assessment and increases the level of successful appeals and reduces the yield (Negative risk)	Officers will be monitoring changes to the NDR system and will be talking to the Valuation office. However since the system has been introduced, little has been completed in Stevenage and there are appeals from the 2010 list remaining.	Medium	Medium
Impact of the Universal Credit (Negative Risk) – The grant given to the Council is cut before the Revenue and Benefits Partnership is able to reduce costs. The Welfare reform bill may impact on residents' ability to pay council bills.	A reduction in the amount of grant assumed within the MTFS would require compensating reductions in planned spending within services. However UC is being implemented at a very slow pace and the current case load is reducing.	Medium	High
Inflation (Negative Risk) – The majority of contracts the Council holds include an annual price increase	General balances are risk assessed to ensure overall levels are maintained that can meet higher than expected inflation rates. The inflation projections include a 2% pay award for 2022/23 onwards.	Medium	Medium
Impact of Future Welfare Reforms (Negative Risk) – There could be an increase in the need for the council's services requiring additional resources to be put into those services	Regular monitoring and reporting and the council has a welfare reform group which monitors impacts.	Medium	Medium
All MTFS risks not adequately identified (Negative or Positive Risk) – Financial risks and their timing are not accurately judged leading to either a pressure or benefit to the MTFS.	Council's risk management framework ensures operational and strategic risks are identified as part of the annual service and MTFS planning process.	Low	High
The impact of BREXIT (negative risk) causes supply chain issues increasing costs	An amount has been included in the minimum level of balances and the inflation increases for contracts and utilities has been included in the MTFS modelling.	Medium	Medium

Risk Area	Risk Mitigation	Likelihood	Impact
Impact of future years capital programme (Negative) There could be increased pressure from the capital programme on the General Fund.	There is a robust challenge process for capital bids. Officers will be required to confirm that resources are in place to deliver any approved spend. The Locality reviews should identify capital receipt opportunities.	Medium	High
The Council's regeneration of SG1 increases the financial resources the Council must find.	The Council has already approved the use of ring fenced NDR gains for this purpose and the MTFS recommends this continues. However a full reset of business rate gains could see this reduce and put a pressure on the General Fund.	High	High
Fees and Charges target may not be reached (negative risk)	Non achievement of the target may require other options to be brought forward, for future years. The in year losses have been addressed within the report from a central scenario modelling and increase in minimum balances	High	High
Homeless Bed and Breakfast costs increase over that budgeted	An allocation of £350,000 has been included in the MTFS for 2022/23.	High	High

Strategy and Resource Allocation

The Council's Financial Strategies (MTFS) highlighted the need for on-going savings to fund inflation and service pressures. We aim to ensure we can deliver our priorities even though our resources are reducing through our 'Making Your Money Count' (MYMC) work stream. The Council's priority 'Financial Security' helps us to deliver this through, efficiencies, transformation, smarter ways of working, income options and new and innovative transformation of our services, prioritising where we spend our money before reductions in services. This will help us maintain our priority services while still meeting our FTFC ambitions.

Transformation by improving customer access to services through digital means and improving and streamling processes

Co-operative Commercial and insourcing bringing services inhouse if value for money and ensuring we charge appropriately for our services

Efficiencies through robust monitoring efficineices will be identified where they arise to ensure that Council stays financially resilient

Prioritise services if there are not sufficient budget savings achieved from the other three work streams to ensure a balanced budget

The four strands of the MYMC priority are set out in the Council's Medium Term, Financial Strategy (MTFS[1]) and is the enabler to delivering our MTFS objectives which includes:

'To remove the General Fund's reliance on RSG by 2019/20 when the funding is removed and achieve an on–going balanced budget by 2024/25 (by ensuring inflationary pressures are matched by increases in fees and income or reductions in expenditure from 2024/25).'

General Fund balances are higher than current risk assessed levels (£3.65Million) and are prudent with the caveat that the annual MYMC target is achieved. The MTFS general fund balance forecast, agreed as part of the 2022/23 budget setting process, and now updated by the actual outturn for 2021/22 , is as follows:

GF Balances £'000	2021/22	2022/23
Revised Balances at 31 March each Year:	(£6,401)	(£6,908)
Use of / (transfer to) balances	(£507)	£1,056
General fund Balance 1 March	(£6,908)	(£5,852)

The Council's Housing Revenue account (HRA) currently has a projected 2023/24 year-end balance of £28.8Million of useable reserves and a further £3.4Million in an earmarked interest equalisation reserve. The HRA holds higher reserves for repayment of borrowing over the 30 year business plan, but also requires some medium term savings to stay in line with the overall business plan projections. The Council's HRA 30 year business plan will be updated at the later part of 2022.

[1] MTFS Council February 2022

Due to the impact of COVID, historic funding cuts and the delivery of FTFC priorities against growth will only be to approve which meet the outcomes of the FTFC priorities.
In determining how much we need to find through MYMC, the Council's MTFS takes a five year view of future inflation, pressures, spend and income based on forecasts using government and independent data. Since 2010/11 this has identified a gap between income and expenditure, requiring 'MYMC' targets to be set and implemented.

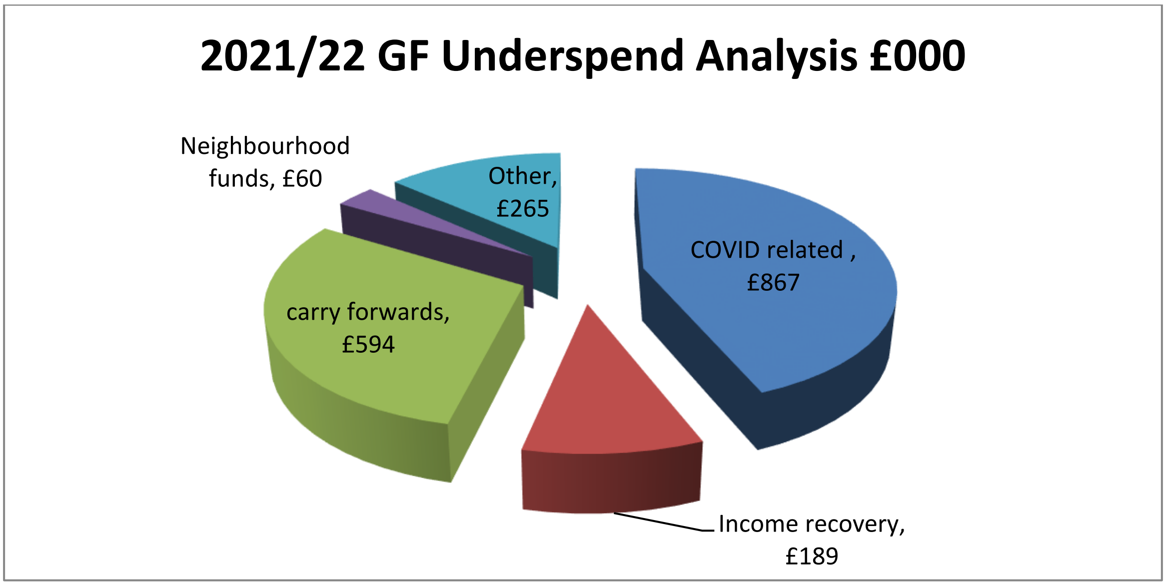
Financial Performance

General Fund 2021/22 Outturn Position

The 2021/22 actual General Fund net expenditure was £1.974 Million lower than the revised working budget; however this included £0.654Million of commitments approved to be now delivered in 2022/23. The budget was amended as part of the quarterly monitoring reports plus the MTFS updates to the June and September 2021 Executive. A summary of the working budget versus outturn is shown below.

General Fund Outturn Position £000	2021/22 Latest Budget	2021/22 Outturn	Variance
	£	£	£
Services Net Expenditure	£11,666	£9,692	(£1,974)
Core Resources (including TIG)	(£10,222)	(£10,199)	£23
General Fund Outturn Position	£1,444	(£507)	(£1,951)
Balance Brought Forward	**(£6,401)**	**(£6,401)**	**£0**
Use of balances	£1,444	(£507)	(£1,951)
Balance Carried Forward	**(£4,957)**	**(£6,908)**	**(£1,951)**

The variance is mainly due to the difficulty in setting a budget for the period 2020/21-2022/23 because of the uncertainty of the level of COVID related costs. The loss of fees and charges and then how quickly expenditure and income levels would return to pre-pandemic levels. Related underspends amounted to £0.9Million, of which £0.7Million was for COVID specific provisions not required. Carry forward requests for expenditure delayed until 2022/24 amounted to £0.6Million. An analysis of the GF saving can be seen in the graph below.



General Fund Reserves

The latest General Fund year end position compared to the prior year and the 2021/22 Original Budget are summarised below.

General Fund Balances	**2020/21 Actual**	**2021/22 Actual**	**2021/22 Original Budget**
	£'000	**£'000**	**£'000**
Opening Balance	7,063	6,401	4,520
In Year Contribution to/(from) reserves	(662)	507	(326)
Closing Balance	6,401	6,908	4,194
Earmarked Reserves	15,193	8,412	2,827

The planned draw-down of £326K in the working budget would have reduced the GF Balances to £4.194 Million at 31 March 2022. In the event, the actual position was an addition of £0.507 million, returned to balances so that General Fund Reserve totalled £6.908 Million at year-end. However as already stated the reader should note that £0.654Million of the reduction is a timing difference only and relates to carry forwards that are planned to be spent in 2022/23.

The Reserves which can be used for "one-off" funding of day-to-day General Fund services total £15.337Million, £6.908Million of General Fund Balances plus £8.412Million earmarked for future schemes which includes £3.6Million for repayment of business rate losses in 2022/23.

Housing Revenue Account (HRA) 2021/22 Outturn Position

As with the General Fund, Members have subsequently approved variations to the budget, as part of the quarterly monitoring reports to the Executive, taking into account service pressures and budget options arising in the year. This resulted in a revised budget of £1.669Million (surplus). The final out-turn position for the year against the revised budget and its impact on balances is set out below:

HRA Outturn £'000	**2021/22 Budget £**	**2021/22 Outturn £**	**Variance £**
HRA Balance Brought Forward	**(25,344)**	**(25,344)**	-
In Year (Surplus) / Deficit	(1,669)	(2,813)	(1,144)
Audit Depreciation adjustment		13	13
HRA Balance Carried Forward	**(27,013)**	**(28,144)**	**(1,131)**

The 2021/22 actual HRA net surplus was £1.144Million higher than the working budgeted surplus. Included within this underspend is £0.973Million, relating to projects which have slipped into 2022/23 and for which carry forward of budget h-has been approved by Executive (12 July 2022).

In April 2012 the HRA became subject to the Self- Financing regime. Under the legislation, the costs associated with running, maintaining and replacing the Council's housing stock is financed from income generated from rents, sale receipts, and if necessary, capital borrowing which, at the time, was limited by a borrowing cap set by the government. This borrowing cap was lifted in 2018/19 by the government. At the time of the Self-Financing settlement the HRA took loans totalling £196.911Million, (an amount determined by and payable to The Secretary of State). HRA reserves over and above minimum balances are required to repay the loans taken out as part of the Self- Financing agreement and subsequent debt. In addition, Members have approved a reserve of £3.4Million to allow for interest rate fluctuations on borrowing.

Key programme successes during 2021/22 included:

- During the year 15 properties were acquired by the Council and a further 12 new build properties were also added to the letting stock.

- The largest development continues to be on the site at Kenilworth Close, which will provide over 200 homes, including a flagship older persons housing scheme. The first properties from this development are expected to be delivered in 2022/23.

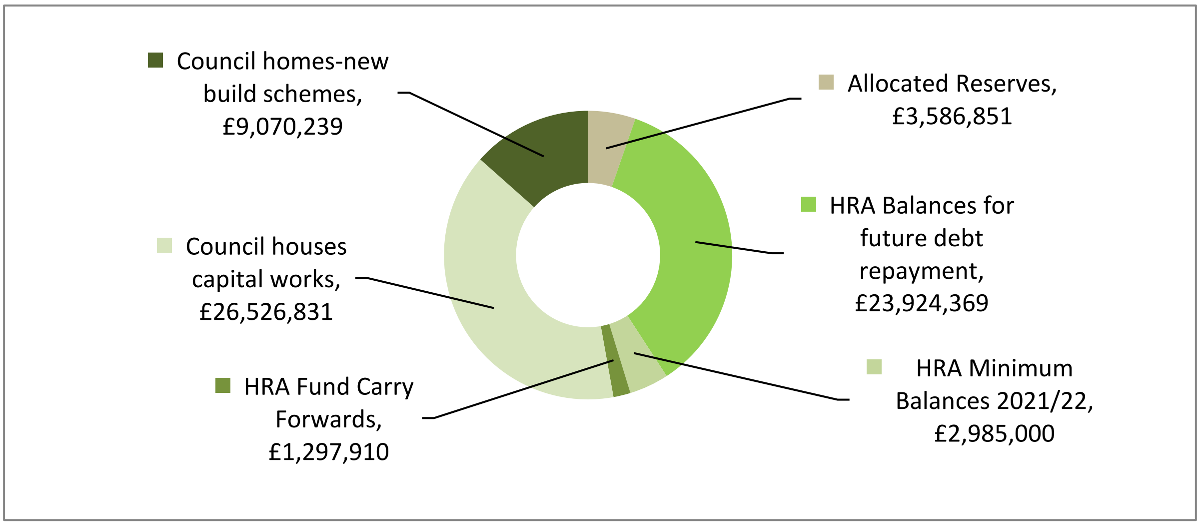
- The Council was successful in securing £2.302Million of Government grant, targeted at green home initiatives and has bid for further funding in 2022/23.

During the financial year 2021/22, 40 council homes were sold under the Right to Buy scheme and the Council's closing stock of council homes at 31 March 2022 was 7,958 (7,974 properties at 31 March 2021).

HRA Reserves

HRA reserves are ring fenced and cannot be used for General Fund expenditure. The Reserves that can be used to support the HRA total £32Million, of which £28Million is available predominantly for the purpose of repaying debt and £4Million is to provide resilience against interest rate fluctuations and to support the Council's transformation programme. There are also £1Million of carried forward budget requests that will be funded from these balances.

As with the General Fund a risk assessment is undertaken on the HRA to determine the minimum level of balances required each year. The risk assessment identified HRA balances of £2.985Million were required for 2021/22. However, additional balances will be needed to repay the current HRA loans, standing at £217Million at 31 March 2022, of which £195Million related to a one off payment to the Government as a result of the self-financing settlement on the 28 March 2012.



The HRA also holds specified reserves for the replacement of sold Council houses through the Right to Buy scheme of £9Million (restricted use) and for investment in the housing stock of £26.5Million (capital expenditure use only).

HRA general balances were significantly higher than the calculated minimum requirement for 2021/22, but these will be required to meet future debt repayments, as detailed above. The HRA is also subject to significant financial risks including:

- Legislative changes have increased the levels of RTB sales and may result in sales above those anticipated in the HRA Business Plan. Future policy changes are not known, however the revised business plan currently assumes 35 sales per year.

- Impact of the continued roll out of universal credit on the collectability of rents and possible adverse effect on rent arrears.

- Increased prudential borrowing in the HRA increases the risk of adverse interest rate fluctuation throughout the life of the business plan (HRA interest equalisation reserve £3.4Million).

- Impact of future changes in government policy on rent increases.
- Impact of the Government's White paper on standards and regulation within the sector.
- The costs associated with de-carbonisation and climate change.

Other Usable Reserves

The Council has the following reserves over and above those specifically held for the General Fund or HRA detailed above.

- A Capital reserves of £19Million have been allocated to
  - General Fund £9Million or
  - HRA, £10Million – including £9Million restricted right to buy receipts. This balance may be subject to change pending the receipt of the HRA asset valuations report for 31 March 2022, see note 17 for more information.
- A Capital Grants Unapplied Reserve of £5.5Million (restricted use).

The Capital Receipts Reserve and Capital Grants Unapplied Reserve are statutory reserves and can only be used for specific purposes.

As at the 31 March 2022 the Council had total usable reserves of £94.6Million. Of this £91.1Million (97%) is earmarked or ring-fenced as below:

- Capital (General Fund) - £24.4Million
- HRA (including Major repairs reserve) - £54.6Million
- Earmarked General Fund Reserves £8.4Million of which £3.6Million is for repayment of business rate losses in 2022/23.
- General Fund Balance - minimum reserves balance - £3.65Million,

Borrowing and Capital

As at the 31 March 2022, the Council had external PWLB borrowing of £228Million (£219Million at 31 March 2021). The majority of this debt relates to the Housing Revenue Account (HRA) payment to the government (Self Financing for the HRA). The HRA business plan has a timetable for the repayment of this debt phased over the next 26 years.

The Council and its Group companies spent £61Million on its capital programme in 2021/22; this included £22Million on its existing housing stock, £30Million on providing new homes, £6Million on the town centre and regeneration projects, and £3Million on other General Fund and HRA capital projects.

The Council funded £18.3Million of its capital programme from the sale of assets, (land and council house sales), which equates to 30%, (21% 2020/21) of the total funding. Grants and 3rd party payments made up £10.5Million of funding (17%) in 2020/21. Contributions from the Major Repairs Reserve (MRR) totalled £3.828Million (6%). The MRR is funded from the depreciation charge made from the HRA to the MRR to finance future capital investment. The residual was financed by revenue contributions to capital expenditure and internal borrowing and external borrowing.

Pension Liability

The Council participates in the Local Government Pension Scheme. The scheme is administered by Hertfordshire County Council, and the impact of the pension liability is shown on the face of the balance sheet. As at 31 March 2022, the pension liability is £58Million which is a decrease of £4Million from £62Million at 31 March 2021.

Outlook

2021/22 was yet another successful year for the Council which saw our General Fund Services and Housing Revenue Account delivered below budget, set against the impact of a global pandemic and the backdrop of significant reduced Central Government funding since 2010/11.

We continue to work collaboratively with neighbouring councils in areas as diverse as: Building Control, Internal Audit, Procurement etc. These partnerships have importantly delivered financial savings but have also built up additional operational capacity and resilience.

The future of Local Government funding remains very uncertain. Further delays to the reviews of Fair Funding, Business Rates and New Homes Bonus have been announced. Therefore, we are still awaiting Central Government's output from the review work it has undertaken on the overall package of Local Government financing (which will include Business Rates localisation and New Homes Bonus). This uncertainty makes medium term financial planning far more challenging, coupled with the ongoing effects associated with the Covid-19 pandemic and how the Council recovers economically.

The Council knows that the financial future will continue to be very uncertain and challenging. Senior management have therefore strived to ensure we are in a very strong financial position which will enable us to move forward and react to all of these challenges that will undoubtedly come our way.

Basis of Preparation and Presentation of the Accounts

The Council prepares its Statement of Accounts on a going concern basis, on the assumption that it will continue in existence into the foreseeable future. Disclosures are included within the Statement of Accounts based on an assessment of their materiality. A disclosure is considered material if through an omission or a misstatement, the decisions made by users of the accounts would be influenced. This could be due to the value or the nature of the disclosure.

The Council considers disclosures against an internally calculated materiality threshold which is reviewed each year. Material individual items of income and expenditure which are not disclosed on the face of the Comprehensive Income and Expenditure Statement (CIES) are considered to be significant and are disclosed in Note 2. Some disclosures are included due to their nature even if the value of transactions is not over the materiality threshold; an example of this is Note 10 Officers' Remuneration.

The assessment of materiality also influences the Council's decision to produce Group Accounts. Each year the Council assesses the entities it exerts control or significant influence over to identify which fall within the group boundary. If the value of transactions for the group as a whole is material, Group Accounts are produced. The accounts for 2021/22 therefore consolidate Queensway Properties (Stevenage) LLP and Marshgate Ltd.

Explanation of Accounting Statements

This Statement of Accounts for the year ended 31st March 2022 has been prepared and published in accordance with the Code of Practice on Local Authority Accounting 2021/22, issued by the Chartered Institute of Public Finance and Accountancy and the Accounts and Audit Regulations 2015.

The accounting policies adopted by the Council comply with the relevant recommended accounting practices and the latest revisions to these from 1 April 2021. There have been no major changes in the Council's statutory functions during the year.

The Statement of Accounts comprises Core Financial Statements and related notes along with Supplementary Financial Statements.

The Core Financial Statements are as follows:-

- The **Expenditure and Funding Analysis (EFA)**. The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, 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

- The **Movement in Reserves Statement (MIRS)** is a summary of the changes to the Council's reserves over the course of the year. Reserves are divided into "usable", which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific legal or accounting purposes.

- The **Comprehensive Income and Expenditure Statement (CIES)** - this records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding.

- The **Balance Sheet (BS)** is a "snapshot" of the Council's assets, liabilities, cash balances and reserves at the year-end date.

- The **Cash Flow Statement** shows the reason for changes in the Council's cash balances during the year, and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long-term liabilities).

The Supplementary Financial Statements are:

- The **Housing Revenue Account** – this separately identifies the Council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989.
- The **Collection Fund**, which summarises the collection and redistribution of council tax and business rates income

The Group Accounts include:

- The statements of the single entity accounts combined with the assets and liabilities of companies and similar entities, which the Council either controls or significantly influences.

The Annual Governance Statement

- The statement sets out the governance structures of the Council and its key internal controls.

The **Notes** to these financial statements provide further detail about the Council's accounting policies and individual transactions.

A **Glossary** of key terms can be found at the end of this publication

The **Chief Finance Officer (CFO)** is the statutory officer responsible for the proper administration of the Council's financial affairs. The CFO is required by law to confirm that the Council's system of internal controls and related governance arrangements can be relied upon to produce an accurate Statement of Accounts.

Further Information

Further information about the accounts is available from: Strategic Director (Chief Financial Officer), Stevenage Borough Council, Daneshill House, Danestrete, Stevenage, SG1 1HN

Email: clare.fletcher@stevenage.gov.uk

Statement of Responsibilities for the Statement of Accounts

Stevenage Borough Council's Responsibilities

Stevenage Borough Council is required:

- To make arrangements for proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Strategic Director (Chief Financial Officer).
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts

The Strategic Director (Chief Financial Officer) Responsibilities

The Strategic Director (Finance and Estates) (Chief Financial Officer) is responsible for the preparation of the Council's Statement of Accounts which, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code), and is required to present a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2022.

In preparation of this statement of accounts, the Strategic Director (Chief Financial Officer) 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.

The Strategic Director (Chief Financial Officer) has also:

- Kept proper accounting records which were up-to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of Chief Financial Officer

I certify that this Statement of Accounts has been prepared in accordance with Regulation 8 of the Accounts and Audit Regulations (England) 2015 and presents a true and fair view of the financial position of the Authority as at 31 March 2022 and its Comprehensive Income and Expenditure Statement for the year ended 31 March 2022.

Clare Fletcher

Strategic Director (Chief Financial Officer) 12 February 2024

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Statement of Accounts 2021/22

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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 local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. 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.

2020/21				2021/22		
Net expenditure chargeable to General Fund and HRA balances £'000	Adjustments (See note 4) £'000	Net Expenditure in the CIES £'000		Net expenditure chargeable to General Fund and HRA balances £'000	Adjustments (See note 4) £'000	Net Expenditure in the CIES £'000
4,631	(3,276)	1,355	Community Services	3,494	1,157	4,651
1,917	1,305	3,222	Housing Services	2,955	170	3,125
8,298	1,674	9,972	Environmental Services	6,949	4,913	11,862
107	-	107	Local Community Budgets	61	-	61
2,973	1,211	4,184	Resources	(783)	1,460	677
(194)	801	607	Resources - Support	165	2,639	2,804
(10,813)	345	(10,468)	Housing Revenue Account	(11,019)	1,311	(9,708)
6,919	**2,060**	**8,979**	**Cost of Services**	**1,822**	**11,650**	**13,472**
(76)	(3,361)	(3,437)	Other Operational Expenditure	-	(8,934)	(8,934)
5,306	1,573	6,879	Financing & Investment Income and Expenditure	5,278	116	5,394
(24,992)	(2.312)	(27,305)	Taxation & Non-Specific Grant Income: Other	(5,866)	(15,243)	(21,109)
(12,843)	**(2,040)**	**(14,884)**	**Deficit/(surplus) on Provision of Services**	**1,234**	**(12,411)**	**(11,177)**
(26,882)			**Opening General Fund and HRA balance**	**(31,745)**		
(12,843)			Deficit/(surplus) on Provision of Services	1,234		
570			Other Adjustments non-CIES	2,058		
7,410			Transfer to / (from) Earmarked Reserves	(6,599)		
(31,745)			**Closing General Fund and HRA balance ***	**(35,052)**		

***** For a split of this balance between the General Fund and the HRA – see the Movement in Reserves.

Comprehensive Income & Expenditure Statement for the year ended 31 March 2022

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation and rents to cover expenditure in accordance with regulations; this may differ from the accounting cost. The taxation position is shown previously in the Expenditure and Funding Analysis and in the Movement in Reserves Statement that follows.

2020/21					2021/22		
Gross Expenditure	**Gross Income**	**Net Expenditure**	**Comprehensive Income and Expenditure Statement**	**Note**	**Gross Expenditure**	**Gross Income**	**Net Expenditure**
£'000	**£'000**	**£'000**			**£'000**	**£'000**	**£'000**
2,066	(711)	1,355	Community Services		6,072	(1,421)	4,651
27,898	(24,676)	3,222	Housing Services		27,187	(24,062)	3,125
14,985	(5,013)	9,972	Environmental Services		19,778	(7,916)	11,862
107	-	107	Local Community Budgets		61	-	61
9,751	(5,567)	4,184	Resources		9,220	(8,543)	677
2,644	(2,037)	607	Resources - Support		5,579	(2,775)	2,804
33,293	(43,761)	(10,468)	Housing Revenue Account		34,894	(44,602)	(9,708)
90,744	**(81,765)**	**8,979**	**Cost of Services**		**102,791**	**(89,319)**	**13,472**
		(3,437)	Other Operational Expenditure	6			(8,934)
		6,879	Financing & Investment Income and Expenditure	7			5,394
		(9,257)	Taxation & Non-Specific Grant Income: Retained Business rates	8			(15,700)
		15,917	Taxation & Non-Specific Grant Income: NNDR expenditure (tariff to DCLG)	8			15,927
		(33,965)	Taxation & Non-Specific Grant Income: Other	8			(21,336)
		(14,884)	**Deficit/(surplus) on Provision of Services**				**(11,177)**
		(27,758)	Deficit/(Surplus) on revaluation of Property, Plant and Equipment assets	15.1			(9,267)
		21,809	Actuarial (gains)/losses on pension assets/liabilities	29			(10,163)
		(5,949)	**Other Comprehensive Income and Expenditure**				**(19,430)**
		(20,833)	**Total Comprehensive Income and Expenditure**				**(30,607)**

Movement in Reserves Statement

This statement shows the movement in year of 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 authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to council tax (or rents) for the year. The net increase/decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year after these adjustments. (See also Expenditure and Funding Analysis)

Movements in Reserves during 2021/22	**General Fund**	**Earmarked General Fund Reserves**	**HRA Fund**	**Earmarked HRA Reserve**	**Major Repairs Reserve**	**Capital Receipts**	**Grants Unapplied**	**Total Usable Reserves**	**Unusable Reserves**	**Total Council Reserves**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1 April 2021 Brought Forward	**(6,401)**	**(15,193)**	**(25,344)**	**(3,423)**	**(14,371)**	**(11,958)**	**(3,753)**	**(80,443)**	**(514,584)**	**(595,027)**
Surplus/Deficit on Provision of Services	(2,209)		(8,968)					(11,177)	-	(11,177)
Other Comprehensive Income and Expenditure								-	(19,430)	(19,430)
Total Comprehensive Expenditure and Income	**(2,209)**	**-**	**(8,968)**	-	-	-	-	**(11,177)**	**(19,430)**	**(30,607)**
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 12)	8,467		6,004	-	(8,505)	(7,170)	(1,726)	(2,930)	2,930	-
Net (Increase)/Decrease before Transfers to Reserves	**6,258**	**-**	**(2,964)**	**-**	**(8,505)**	**(7,170)**	**(1,726)**	**(14,108)**	**(16,500)**	**(30,607)**
Transfer to/from Reserves	(6,763)	6,763	164	(164)		-	-	-	-	-
(Increase)/Decrease in Year 2021/2022	**(506)**	**6,763**	**(2,800)**	**(164)**	**(8,505)**	**(7,170)**	**(1,726)**	**(14,108)**	**(16,500)**	**(30,607)**
Balance at 31 March 2022 Carried Forward	**(6,908)**	**(8,430)**	**(28,144)**	**(3,587)**	**(22,874)**	**(19,128)**	**(5,480)**	**(94,551)**	**(531,083)**	**(625,634)**

Movement in Reserves Statement (continued)

Movements in Reserves during 2020/2021	General Fund £'000	Earmarked General Fund Reserves £'000	HRA Fund £'000	Earmarked HRA Reserve £'000	Major Repairs Reserve £'000	Capital Receipts £'000	Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 1 April 2020 Brought Forward	**(7,063)**	**(5,493)**	**(19,819)**	**(5,713)**	**(4,746)**	**(14,793)**	**(1,672)**	**(59,297)**	**(514,897)**	**(574,194)**
Surplus/Deficit on Provision of Services	(7,385)		(7,499)					(14,884)	-	(14,884)
Other Comprehensive Income and Expenditure								-	(5,949)	(5,949)
Total Comprehensive Expenditure and Income	**(7,385)**	**-**	**(7,499)**	**-**	**-**	**-**	**-**	**(14,884)**	**(5,949)**	**(20,833)**
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 12)	(1,653)		4,264	-	(9,625)	2,833	(2,081)	(6,261)	6,261	-
Net (Increase)/Decrease before Transfers to Reserves	**(9,038)**		**(3,235)**	**-**	**(9,625)**	**2,833**	**(2,081)**	**(21,146)**	**313**	**(20,833)**
Transfer to/from Reserves	9,700	(9,700)	(2,290)	2,290		-	-	-	-	-
(Increase)/Decrease in Year 2020/2021	**662**	**(9,700)**	**(5,524)**	**2,290**	**(9,625)**	**2,833**	**(2,081)**	**(21,146)**	**313**	**(20,833)**
Balance at 31 March 2021 Carried Forward	**(6,401)**	**(15,193)**	**(25,344)**	**(3,423)**	**(14,371)**	**(11,958)**	**(3,753)**	**(80,443)**	**(514,584)**	**(595,027)**

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Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the authority (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories, usable reserves and unusable reserves. Usable reserves may be used to provide services, subject to statutory limitations on their use and the need to maintain a prudent level of reserves for financial stability. Unusable reserves cannot be used to fund Council services.

31/03/2021			31/03/2022	
£'000		Note	£'000	£'000
813,968	Property, Plant & Equipment	17	844,229	
521	Heritage Assets	16	483	
23,703	Investment property	18	24,928	
862	Intangible Assets	19	819	
2,310	Long Term Investment	22	7,310	
267	Long Term Debtors	24	11,446	
17,163	Long Term Debtor - Queensway	24	16,918	
858,794	**Total Long Term Assets**			**906,133**
45,860	Short Term Investments	22	55,133	
1,328	Assets Held for Sale	27	2,682	
145	Inventories		214	
17,717	Short Term Debtors	24	9,188	
17,504	Cash and Cash Equivalents	25	6,357	
82,554	**Current Assets**			**73,574**
(462)	Short Term Borrowing	22	(590)	
(32,838)	Short Term Creditors	26	(36,681)	
(8,265)	Provisions	28	(7,249)	
(41,565)	**Current Liabilities**			**(44,520)**

Balance Sheet (continued)

31/03/2021			31/03/2022	
£'000		Note	£'000	£'000
(11,125)	Queensway Finance Lease	22	(10,946)	
(6,082)	Long term creditors	26	(6,665)	
(218,704)	Long term borrowing	22	(227,485)	
(6,038)	Long term borrowing (Queensway)	22	(5,973)	
(62,434)	Pension Liability	29	(57,946)	
(373)	Grants Receipts in Adv - Capital	26	(538)	
(304,756)	**Long Term Liabilities**			**(309,553)**
595,027	**Net Assets**			**625,634**
(6,401)	General Fund		(6,908)	
(25,344)	HRA Fund		(28,144)	
(15,193)	Earmarked General Fund Reserves	13	(8,430)	
(3,423)	Earmarked HRA Reserve	13	(3,587)	
(30,082)	Other Usable Reserves		(47,482)	
(80,443)	**Total Usable Reserves**			**(94,551)**
(514,584)	Unusable Reserves	14		(531,083)
(595,027)	**Total Reserves**			**(625,634)**

These financial statements are authorised by Clare Fletcher – Strategic Director (Chief Financial Officer) on 12 February 2024.

Clare Fletcher

Cash Flow Statement for the year ended 31 March 2022

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

2020/21 £'000	Cash Flow Statement	Notes	2021/22 £'000
(14,884)	Net (Surplus) or Deficit on the Provision of Services		(11,177)
(30,457)	Adjustments to Net (Surplus) or Deficit on the provision of Services for Non-Cash Movements	30	(32,868)
19,655	Adjustments for items in the Net (Surplus) or Deficit on the Provision of Services that are Investing or Financing Activities		28,026
(25,686)	**Net cash flows from Operating Activities**		**(16,019)**
23,330	Investing Activities	31	35,832
(8,888)	Financing Activities	31	(8,665)
(11,244)	**Net (Increase) or Decrease in Cash and Cash Equivalents**		**11,147**
6,260	Cash and cash equivalents at the beginning of the period	25	17,504
17,504	**Cash and Cash Equivalents at the End of Period**		**6,357**

Please be aware that there may be minor rounding differences in some of these notes

1. Statement of accounting policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting these financial statements. These can be reviewed in detail in Note 34 Accounting Policies.

2. Material items of Income and Expenditure

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to the understanding of the Council's financial performance.

Material items of capital income and expenditure:

The Council spent £61Million on its capital programme in 2021/22; this included £22Million on its existing housing stock, £30Million on providing new homes, £6Million on the town centre and regeneration projects, and £3Million on other General Fund and HRA capital projects.

3. Events after the Balance Sheet Date

Events after the Balance Sheet date are reflected up to the 'authorised for issue 'date. These accounts have been authorised for issue on 12 February 2024 by the Strategic Director (Chief Financial Officer). Events taking place after this date are not reflected in the Financial Statements or notes. Where events taking place before this date provide information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

4. Note to the Expenditure and Funding Analysis

2020/21					2021/22			
Adjustments for Capital Purposes (a)	Net Change for Pensions Adjustments (b)	Other Differences (c)	Total Adjustments		Adjustments for Capital Purposes (a)	Net Change for Pensions Adjustments (b)	Other Differences (c)	Total Adjustments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(3,339)	48	15	(3,276)	Community Services	764	367	26	1,157
1,280	15	10	1,305	Housing Services	5	171	(6)	170
1,303	317	54	1,674	Environmental Services	3,650	1,289	(26)	4,913
-	-	-	-	Local Community Budgets	-	-	-	-
1,205	3	3	1,211	Resources	1,431	25	4	1,460
477	261	62	801	Resources - Support	1,459	1,193	(13)	2,639
-	279	66	345	Housing Revenue Account	-	1,329	(18)	1,311
926	**923**	211	2,060	**Cost of Services**	**7,309**	**4,374**	**(33)**	**11,650**
(3,361)	-	-	(3,361)	Other Operational Expenditure	(8,934)	-	-	(8,934)
671	902	-	1,573	Financing & Investment Income and Expenditure	(1,187)	1,301	2	116
(11,705)	-	9,392	(2,312)	Taxation & Non-Specific Grant Income: Other	(10,356)	-	(4,887)	(15,243)
(13,469)	**1,825**	**9,603**	(2,040)	**Deficit/(surplus) on Provision of Services**	**(13,168)**	**5,675**	**(4,918)**	**(12,411)**

a) **An adjustment for Capital purposes,** this column adds in depreciation and impairment and revaluation gains and losses in the service line.

   For other operating expenditure, it adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

   For financing and investment income and expenditure, it adjusts for the statutory charges for capital financing and investment i.e., Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

   For taxation and non-specific grant income and expenditure, capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivables in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

b) **Net change for the Pensions adjustments,** this column adjusts for the net change for the renewal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income.

   For services, this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

   For financing and investment income and expenditure, this adjusts for the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement

c) **Other differences** between amounts debited / credited to the Comprehensive Income and Expenditure Statement and amounts payable / receivable to be recognised under statute.
   For services, this represents removal of the annual leave accrual adjustment.
   For financing and investment income and expenditure the other differences column recognises adjustments to General Fund for the timing differences for premiums and discounts and financial instruments.
   The charge under taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and Non-Domestic Rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference, as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

5. Expenditure and Income Analysis by Nature

2020/21 £'000		2021/22 £'000
	Income	
(10,292)	Fees, charges and other service income	(20,802)
(1,155)	Interest and Investment Income	(1,031)
(15,318)	Income from Council Tax & Non Domestic Rates (before tariff)	(21,857)
(10,506)	Government Grants and Contributions	(14,676)
(17,525)	Covid grants received	(500)
(39,344)	Housing Rents	(39,788)
(1,765)	Car Parks	(3,148)
(9,439)	Rent Allowances Subsidy	(8,382)
(13,694)	Rent Rebate Subsidy	(12,715)
(3,241)	Garage Rental Income	(3,228)
(3,501)	Commercial Property Rent	(3,438)
(125,780)	**Total Income**	**(129,565)**
	Expenditure	
30,472	Employee Benefits Expenses	39,980
20,625	Other Services and Support Recharges Expenses	20,049
15,395	Depreciation, Amortisation, Impairment	18,247
7,703	Interest Payments	9,171
15,917	NNDR Tariff	15,926
805	Payments to Housing Capital Receipts Pool	864
-	(Gain)/ Loss on the Revaluation of assets	1,860
(4,321)	(Gain)/Loss on the Disposal of Assets	(9,799)
694	Stevenage Leisure Limited Contract Payment	407
10,049	Rent Allowances Rebates	9,148
13,560	Rent Rebates	12,536
110,898	**Total Expenditure**	**118,389**
(14,884)	**Surplus/Deficit on the Provision of Services**	**(11,177)**

6. Other Operating Expenditure

2020/21 £'000	Other Operating Expenditure	2021/22 £'000
864	Payments to the Government Housing Capital Receipts Pool	864
(4,301)	(Gains)/losses on the disposal of non-current assets	(9,798)
(3,437)	**Total**	**(8,934)**

7. Financing and Investment Income and Expenditure

2020/21 £'000		2021/22 £'000	2021/22 £'000
7,663	Interest payable & similar charges		7,880
902	Pensions interest cost & expected return on pensions assets		1,291
(1,140)	Interest receivable & similar income		(1,031)
2,275	Expenditure in relation to investment properties and changes in their fair value		934
(2,836)	Income in relation to investment properties and changes in their fair value		(3,644)
	Trading Operations - Indoor Market:		
(365)	Income from stall holders	(400)	
380	Expenditure	366	
15	Surplus taken to General Fund		(34)
6,879	**Total**		**5,394**

8. Taxation and Non Specific and Specific Grant Income

2020/21 £'000		2021/22 £'000
	Grants, Contributions credited to Taxation and Non Specific Grant Income	
6,055	Council Tax	6,157
9,257	NNDR Retained income	15,700
(15,917)	NNDR Tariff payment	(15,926)
784	New Homes Bonus	366
9,332	s31 Grant	3,719
11,707	Other Capital Contributions	9,941
4,874	Covid Grants	500
-	Community Infrastructure Levy	139
1,213	Other Non-Ringfenced Government grants	513
27,305	**Total Grants, Contributions credited to Taxation and Non Specific Grant Income**	**21,109**
	Credited to Services	
24,521	Housing Benefit Subsidy and administration grants	21,423
-	Other Housing and homelessness grants and contributions	1,666
-	Covid Grants	1,272
-	Other	296
24,521	**Total Grants, Contributions credited to Services**	**24,657**

9. Members Allowances

Total expenditure on Members' allowances (including expenses), as made under the Local Authorities (Members' Allowances) Regulations 2003, was £472,075 in 2021/22 (£455,967 in 2020/21).

Payments made outside the scheme for Mayoral Allowances totalled £17,548 in 2021/22 (£16,812 in 2020/21).

10. Officers Remuneration

The remuneration paid to the Council's senior employees is as follows:-

	Salary, Fees and Allowances	Expenses Allowance	Other Emoluments*	Total Remuneration (excluding pension contributions)	Pension Contributions.	Total Remuneration Inc. Pension Contributions
	£	£	£	£	£	£
Remuneration 2021/22						
Chief Executive	126,993	403	10,919	**138,315**	37,948	**176,263**
Strategic Director and Deputy Chief Executive	106,207	443	1,070	**107,720**	29,738	**137,458**
Strategic Director (s151 Officer)	103,852	300	415	**104,567**	29,078	**133,645**
Strategic Director	96,552	447	1,052	**98,051**	27,035	**125,086**
Total remuneration in 2021/22	**433,604**	**1,593**	**13,456**	**448,653**	**123,799**	**572,452**
Remuneration 2020/21						
Chief Executive	120,750	394	769	**121,913**	34,025	**155,938**
Strategic Director and Deputy Chief Executive	104,637	299	-	**104,936**	29,299	**134,234**
Strategic Director (s151 Officer)	97,793	325	-	**98,118**	27,382	**125,500**
Strategic Director	91,806	299	-	**92,105**	25,706	**117,811**
Total remuneration in 2020/21	**414,986**	**1,317**	**769**	**417,072**	**116,412**	**533,484**

* "Other emoluments" includes election duty payment and accrued annual leave.

The number of other Council employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) is detailed below:

Officer remuneration includes redundancy and severance payments made to officers on termination of employment during the year.

Remuneration Band *	Number of employees 2020/21	Number of employees 2021/22
£50,000 - £54,999	17	26
£55,000 - £59,999	9	9
£60,000 - £64,999	4	1
£65,000 - £69,999	2	-
£70,000 - £74,999	1	3
£75,000 - £79,999	2	1
£80,000 - £84,999	1	3
£85,000 - £89,999	-	-
£90,000 - £94,999	1	-
£95,000 - £99,999	1	-
£100,000 - £104,999	1	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	-
£115,000 - £119,999	-	-
£120,000 - £124,999	1	-
£125,000 - £129,999	0	-
Total	**40**	**43**

The number of exit packages with total costs per band and total costs of the compulsory and other redundancies are set out in the table below.

2021/22 Exit package cost band (including special payments)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total Cost of exit packages in each band
£0 - £39,999	5	1	6	£72,363
£40,000 - £49,999	-	-	-	-
£50,000 - £149,999	-	-	-	-
Total	**5**	**1**	**6**	**£72,363**

2020/21 Exit package cost band (including special payments)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total Cost of exit packages in each band
£0 - £39,999	6	-	6	£100,895
£40,000 - £49,999	3	-	3	£137,997
£50,000 - £149,999	1	-	1	£76,324
Total	**10**	**-**	**10**	**£315,216**

11. External Audit Costs

The Council has incurred fees in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections. The estimated fees payable for audit work in respect of the 2021/22 financial year are shown in the table below. The appointed auditor for 2021/22 is Ernst & Young LLP.

The 2021/22 audit fee has yet to be agreed but has been estimated based on 2019/20 actual fees.

2020/21 £'000	Fees Payable	2021/22 £'000
49	Fees payable to the External Auditor with regard to external audit services carried out by the appointed auditor for the year.	122
36	Fees payable to External Auditor for the certification of grant claims and returns for the year.	36
85		**158**

12. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against:

The **General Fund Balance** is the statutory fund into which all the receipts of the Council are required to be paid and, out of which, liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover). Stevenage Borough Council is a housing authority and as such General Fund Balances are not available to fund HRA services or vice versa.

The **Housing Revenue Account Balance** reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function. The Localism Act 2011 (Part VII) introduced the self-financing regime with Councils now able to keep the rent they collect and use it locally to maintain their social homes. As part of the new regime depreciation is now a real cost to the HRA and is transferred to the Major Repairs Reserve to finance future capital investment.

The Council is required to maintain the **Major Repairs Reserve** (MRR), which controls an element of the capital resources required to be used on HRA assets or capital financing purposes. Under the arrangements in the Self Financing HRA, to establish resources available on an annual basis in the Major Repairs Reserve, the regulations require the reserve to be credited with an amount equal to the total depreciation charges for all HRA assets. The balance shows the capital resources that are available and planned to be used for future years capital programme.

The **Capital Receipts Reserve** holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end. Part of the reserve can only be used towards the provision of additional council homes schemes and this was restricted to a maximum of 30% of scheme costs. However the government amended the rules for these receipts from 1 April 2021 increasing the % to 40% and the length of time to spend from three to five years.

The **Capital Grants Unapplied** Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to capital expenditure. The balance is restricted by grant terms as to the capital expenditure to which it can be applied and/or the financial year in which this can take place.

2021/22 Adjustments between Accounting Basis and Funding Basis Under regulations

	Usable Reserves					
	General Fund Balance (see note 4)	**Housing Revenue Account (see note 4)**	**Capital Receipts reserve**	**Major Repairs Reserve**	**Capital Grants Unapplied**	**Unusable Reserves**
Adjustments involving the Capital Adjustment Account:	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement (CI&E)						
Charges for Depreciation and Impairment of Non-Current Assets	(4,292)	(12,205)				**16,497**
Revaluation Gain on Property, Plant and Equipment	(2,687)					**2,687**
Movements in the Fair Value of Investment Properties	1,205					**(1,205)**
Amortisation of Intangible Assets	(127)	(128)				**255**
Revenue Expenditure Funded from Capital under Statute	(204)		(208)			**412**
Amounts of Non-current Assets written off on disposal or sale as part of the (Gain)/Loss on Disposal to the CIES	(5,465)	(2,561)				**8,026**
Capital Grants and Contributions Applied	6,542	3,549				**(10,091)**
Insertion of items not debited or credited to the CI&E						
Statutory provision for the financing of capital investment	195					**(195)**
Capital Expenditure charged against General Fund and HRA balances	1,862					**(1,862)**
Adjustments involving the Capital Grants Unapplied Account (CGU)						
Capital grants & contributions unapplied credited to the CI&E Statement					277	**(277)**
Application of grants to capital financing transferred to the Capital Adjustment Account	139				(2,003)	**1,864**
Adjustments involving the Capital Receipts Reserve (CRR):						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CI&E Statement	11,212	6,723	(17,935)			**-**
Use of the CRR to finance new capital expenditure			10,109			**(10,109)**
Contribution from CRR to finance the payments to the Government capital receipts pool & admin costs of disposal	(864)		864			**-**
Adjustments involving the Major Repairs Reserve (MRR):						
Reversal of the MRR credited to the HRA		12,333		(12,333)		**-**
Use of the MRR to Finance new capital expenditure				3,828		**(3,828)**
Adjustments involving the Pension Reserve						
Reversal of items relating to retirement benefits debited or credited to the CI&E Statement (see also note 26)	(896)	(395)				**1,291**
Employer's pension contributions & direct payments to pensioners payable in year	(3,055)	(1,329)				**4,384**
Adjustments involving the Collection Fund Adjustment Account						
Amount by which Council Tax Income Credited to the CIES is different from the Council Tax income for the Year (in accordance with statutory requirements)	12					**(12)**
Amount by which Non-Domestic Rates Income credited to the CI&E Statement is different from Non-Domestic Rates calculated for the year (in accordance with statutory requirements)	4,876					**(4,876)**
Adjustments involving the Accumulated Absences Adjustment Account						
Amount by which officer remuneration charged to the CI&E Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirement	14	17				**(31)**
TOTAL ADJUSTMENTS	8,467	6,004	(7,170)	(8,505)	(1,726)	**2,930**

2020/21 Adjustments between Accounting Basis and Funding Basis Under regulations

	Usable Reserves					
	General Fund Balance (see note 4)	Housing Revenue Account (see note 4)	Capital Receipts reserve	Major Repairs Reserve	Capital Grants Unapplied	Unusable Reserves
Adjustments involving the Capital Adjustment Account:	£000	£000	£000	£000	£000	£000
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement (CI&E)						
Charges for Depreciation and Impairment of Non-Current Assets	(4,234)	(11,722)				**15,956**
Revaluation Gain on Property, Plant and Equipment	4,321					**(4,321)**
Movements in the Fair Value of Investment Properties	(672)					**672**
Amortisation of Intangible Assets	(141)	(227)				**368**
Revenue Expenditure Funded from Capital under Statute	(1,275)					**1,275**
Amounts of Non-current Assets written off on disposal or sale as part of the (Gain)/Loss on Disposal to the CIES	(600)	(2,768)				**3,368**
Capital Grants and Contributions Applied	9,213	347				**(9,560)**
Insertion of items not debited or credited to the CI&E						
Statutory provision for the financing of capital investment	217					**(217)**
Capital Expenditure charged against General Fund and HRA balances	353					**(353)**
Adjustments involving the Capital Grants Unapplied Account (CGU)						
Capital grants & contributions unapplied credited to the CI&E Statement					54	**(54)**
Application of grants to capital financing transferred to the Capital Adjustment Account	1,205	941			(2,135)	**(12)**
Adjustments involving the Capital Receipts Reserve (CRR):						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CI&E Statement	1,946	6,049	(7,995)			**-**
Use of the CRR to finance new capital expenditure	-		9,934			**(9,934)**
Contribution from CRR to finance the payments to the Government capital receipts pool & admin costs of disposal	(864)		896			**(32)**
Adjustments involving the Major Repairs Reserve (MRR):						
Reversal of the MRR credited to the HRA		11,949		(11,949)		**-**
Use of the MRR to Finance new capital expenditure		0		2,325		**(2,325)**
Adjustments involving the Pension Reserve						
Reversal of items relating to retirement benefits debited or credited to the CI&E Statement (see also note 26)	(6,457)	(239)				**6,696**
Employer's pension contributions & direct payments to pensioners payable in year	4,871	-				**(4,871)**
Adjustments involving the Collection Fund Adjustment Account						
Amount by which Council Tax Income Credited to the CIES is different from the Council Tax income for the Year (in accordance with statutory requirements)	(37)	-				**37**
Amount by which Non-Domestic Rates Income credited to the CI&E Statement is different from Non-Domestic Rates calculated for the year (in accordance with statutory requirements)	(9,357)					**9,357**
Adjustments involving the Accumulated Absences Adjustment Account						
Amount by which officer remuneration charged to the CI&E Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirement	(145)	(66)				**211**
TOTAL ADJUSTMENTS	(1,653)	4,264	2,833	(9,625)	(2,081)	**6,261**

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13. Movements in Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2021/22.

Earmarked Reserves:	Balance as at 1 April 2020	Transfer Out 2020/21	Transfer In 2020/21	Balance as at 31 March 2021	Transfer Out 2021/22	Transfer In 2021/22	Balance as at 31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund:							
Regeneration SG1	827	(109)	28	**746**	(404)	39	**381**
Housing & Planning Delivery Grant	40		25	**65**	(3)		**62**
New Homes Bonus	630	(504)	343	**469**	(355)	365	**479**
Regeneration Assets	1,123	(105)		**1,018**	(413)	45	**649**
Town Centre	34	(16)	63	**81**	(39)		**42**
Capital Reserve	1,094	(116)	350	**1,328**	(1,534)	250	**44**
Insurance Mitigation	103	(27)		**76**	(11)		**65**
Income equalisation Reserve		-	8	**8**		250	**258**
NNDR Collection Fund	1,235		9,468	**10,703**	(6,388)	323	**4,638**
Homelessness Prevention	347	(136)	158	**369**	(38)	214	**546**
Transformation	60		270	**330**		176	**506**
IT				**-**		316	**316**
Leisure Risk				**-**		363	**363**
Commercial Property				**-**		41	**41**
Queensway Parking				**-**		40	**40**
Total	**5,493**	**(1,013)**	**10,713**	**15,193**	**(9,185)**	**2,422**	**8,430**
HRA Fund:							
Interest equalisation	5,713	(2,290)		**3,423**			**3,423**
Transformation				**-**		**164**	**164**
Total	**5,713**	**(2,290)**	**0**	**3,423**	**0**	**164**	**3,587**

The Council maintains a number of earmarked (usable) reserves, for capital projects and revenue projects.

- **Regeneration SG1 -** This reserve has been established to help fund the regeneration plans for Stevenage.
- **Housing and Planning Delivery Grant -** The Council received monies from the Government designed to incentivise housing growth and the underlying planning requirement to allocate land and put development plans in place. Due to the nature of the work the expenditure is often not aligned to the pattern of grant received.
- **New Homes Bonus -** The New Homes Bonus scheme commenced in April 2011. The scheme gives Councils a financial reward for new homes and properties brought back into use. The level of new homes bonus reserve balances are used to fund some legacy co-operative neighbourhood schemes such as playground improvements.

- **Regeneration Assets -** This reserve contains the ring fenced surplus/deficit from the management and maintenance of the regeneration assets held in the town centre and will be used to cover any future fluctuations in costs or rental stream, any balances remaining will be used to help repay any debt outstanding and/or contribute towards the regeneration costs for the Town Centre.
- **Town Centre -**This reserve contains the ring fenced surplus/deficit from the Town Centre management service and will be used fund activities and management in the Town Centre.
- **Capital Reserve -** This reserve was set up in 2013/14 as part of the Council's Integrated Financial Planning Process and funds capital projects. It was set up to reduce the Council's use of prudential borrowing to fund capital projects and the associated borrowing costs.
- **Insurance Mitigation -** This reserve was set up in 2016/17 to fund proactive works to reduce insurance claims against the Council.
- **Income Equalisation –**The Council's General Fund is funded from significant income streams and the reserve has been set up to absorb in-year income fluctuations if required.
- **NNDR Collection Fund -**This reserve was set up in 2013/14 to meet any adverse impact on the General Fund arising from any losses in NNDR income above the government's safety net rules. This reserve also now includes in year business rate gains until realised at the yearend, (rather than assumed within the General Fund balances). In addition for 2020/21 the reserve include £9.1Million of balances brought forward due to be returned to the Collection Fund in 2021/22-2022/23 as a result of the level of business rate reliefs granted to hospitality and retail businesses by the Government and COVID losses.
- **Homelessness Prevention -** This reserve was set up in 2019/20 to fund preventative homelessness schemes in future years.
- **Transformation and IT**- These reserves are to fund future service improvements aimed at ensuring the medium/long term financial sustainability of the council.
- **Leisure –** this reserve was set up to enable the re-tendering of the leisure contract from monies returned to the General Fund from the leisure COVID provision.
- **Commercial Property -** this reserve has been set up in 2021/22 to enable minor works to be carried out on the Council's neighbourhood shops and other commercial assets.
- **Queensway Parking -** This reserve contains the ring fenced parking income from QLLP and will be held for any future monies required for the assets held within the LLP.

14. **Useable Reserves,** the movement on useable reserves can be found in the Movement in Reserves Statement.

15. Unusable Reserves

31-Mar-21 £'000		31-Mar-22 £'000
(124,344)	Revaluation Reserve	(130,720)
(450,342)	Capital Adjustment Account	(450,672)
(11,544)	Deferred Capital Receipts Reserve	(11,930)
62,434	Pensions Reserve	57,946
8,466	Collection Fund Adjustment Account	3,578
746	Accumulated Absences Account	715
(514,584)	**Total Unusable Reserves**	**(531,083)**

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

- 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 Reserve only contains revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2020/21 £'000		2021/22 £'000	2021/22 £'000
(97,973)	**Balance as at 1 April**		**(124,344)**
(32,443)	Upward revaluation of assets	(9,267)	
4,685	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-	
(27,758)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(9,267)
1,295	Difference between fair value depreciation and historic cost depreciation	2,644	
92	Accumulated gains on assets sold or scrapped	247	
1,387	Amount written off to the Capital Adjustment Account		2,891
(124,344)	**Balance as at 31 March**		**(130,720)**

15.2. 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 additions to those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. 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 Property and gains recognised as 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 the Revaluation Reserve was created to hold such gains.

Note 12 provide further details on the source of all transactions, other than those involving the Revaluation Reserve, to the Capital Adjustment Account.

2020/21		**2021/22**	
£'000		**£'000**	**£'000**
(443,324)	**Balance as at 1 April**		**(450,342)**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement		
16,003	Charges for depreciation & impairment of non-current assets	16,497	
(4,321)	Revaluation losses on Property, Plant & Equipment	2,687	
319	Amortisation of Intangible Assets	255	
1,275	Revenue expenditure funded from capital under statute	412	
672	Movement in Fair Value of Investment Properties	(1,205)	
3,368	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	8,026	
(1,425)	Adjusting amounts written out of the Revaluation Reserve	(2,644)	
15,891	Net written out amount of the cost of non-current assets consumed in the year		24,028
	Capital financing applied in the year		
(9,343)	Use of the Capital Receipts Reserve to finance new capital expenditure	(6,961)	
(2,328)	Use of the Major Repairs Reserve to finance new capital expenditure	(3,828)	
(9,559)	Capital grants & contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	(10,091)	
(54)	Application of grants to capital financing from the Capital Grants Unapplied Account	(520)	
235	Loan Repayment	(901)	
(353)	Capital expenditure charged against the General Fund and HRA balances	(1,862)	
(1,508)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(195)	
(22,909)			(24,358)
(450,342)	**Balance as at 31 March**		**(450,672)**

15.3. **The Deferred Capital Receipts Reserve** holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2020/21 £'000		2021/22 £'000
(12,009)	**Balance as at 1 April**	**(11,544)**
464	Queensway (finance lease to LLP)	175
1	Amounts received in year & available for funding	(561)
(11,544)	**Balance as at 31 March**	**(11,930)**

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

2020/21 £'000		2021/22 £'000
38,801	**Balance as at 1 April**	**62,434**
21,809	Re-measurements of the net defined benefit liability/(asset)	(10,163)
6,696	Reversal of items relating to retirement benefits debited or credited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Account	10,836
(4,872)	Employers' pension contributions and direct payments to pensioners payable in the year	(5,161)
62,434	**Balance as at 31 March**	**57,946**

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

The large deficit in 2020/21 arose as the government gave COVID business rate reliefs to businesses, reducing the level of income collected. However the amount of income assumed by the General Fund is fixed prior to the start of the year regardless of changing circumstances. The government compensated Councils for the reduction in income through section 31 grants which was paid in 2020/21. The Council repaid the Collection Fund £7.7Million in 2021/22, with the remaining balance repayable over 2022/23-2023/24.

2020/21 £'000		2021/22 £'000
(928)	**Balance as at 1 April**	**8,466**
37	Amount by which Council Tax income credited to the CIES is different from Council Tax income calculated for the year in accordance with statutory requirements	(12)
9,357	Amount by which NNDR income credited to the CIES is different from NNDR income calculated for the year in accordance with statutory requirements	(4,876)
8,466	**Balance as at 31 March**	**3,578**

15.6. **The Accumulated Absences Account** absorbs the difference that would otherwise arise on the General Fund and HRA Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require the impact is neutralised by transfers to or from the Account.

2020/21		2021/22	
£'000		£'000	£'000
535	**Balance as at 1 April**		**746**
(535)	Settlement or cancellation of accrual made at the end of the preceding year	(746)	
746	Amounts accrued at the end of the current year	715	
746	**Balance as at 31 March**		**715**

16. Heritage Assets

Movement 2021/22	Town Centre £'000	War Memorial £'000	Exhibits £'000	Civic Regalia £'000	Total Assets £'000
Cost or Valuation					
At 1 April 2021 at Cost	**833**	**53**			**886**
At 1 April 2021 at Insurance Valuation	**-**	**-**	**200**	**53**	**253**
Additions	**-**	**-**	**-**	**-**	**-**
At 31 March 2022	**833**	**53**	**200**	**53**	**1,139**
Accumulated Depreciation & Impairment					
At 1 April 2021	**(574)**	**(44)**	**-**	**-**	**(618)**
Depreciation charge	(32)	(6)	-	-	(38)
At 31 March 2022	**(606)**	**(50)**	**-**	**-**	**(656)**
Net Book Value					
At 31 March 2022	**227**	**3**	**200**	**53**	**483**
At 31 March 2021	**259**	**9**	**200**	**53**	**521**

Movement 2020/21	Town Centre	War Memorial	Exhibits	Civic Regalia	Total
Cost or Valuation	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2020	**833**	**53**	**200**	**53**	**1,139**
Additions	-	-	-	-	-
At 31 March 2021	**833**	**53**	**200**	**53**	**1,139**
Accumulated Depreciation & Impairment					
At 1 April 2020	**(541)**	**(37)**	**-**	**-**	**(578)**
Depreciation charge	(33)	(7)	-	-	(40)
At 31 March 2021	**(574)**	**(44)**	**-**	**-**	**(618)**
Net Book Value					
At 31 March 2021	**259**	**9**	**200**	**53**	**521**
At 31 March 2020	**292**	**15**	**200**	**53**	**560**

The Council's collections of heritage assets, valued above are categorised as follows:

Town Square including Clock Tower: The town square includes the water feature and clock tower, the clock tower is a Grade II listed building.

War memorial: The Council has a war memorial classified as a heritage asset and is valued at historic cost on the balance sheet.

Museum Collection: The museum collections include paintings, local history archives, Roman coin hoard from Chells, clocks, a bible from 1754 and a Chalice from 1572 from St Mary's in Aston. These items are reported as at their insurance valuation. The Council maintains an inventory of this collection however there is no readily available valuation of individual items. The Council believes that the benefits of obtaining a valuation for these

Items to the user of the accounts would not justify the cost given the specialised nature of this archive. Items that form the museum collection are deemed to have indeterminate lives, therefore the Council does not consider it appropriate to depreciate these assets.

Civic Regalia: The Council holds civic regalia for use by the mayor and mayoress for official ceremonial purposes. These are reported at insurance valuation. Due to the nature of these assets the Council does not deem it appropriate to depreciate these assets.

Other Heritage Assets

Archaeological Sites including Six Hills Burial Site: The Council does not consider that reliable cost or valuation information can be obtained for its archaeological site at Six Hills Burial site. This is because of the diverse nature of the asset held and lack of comparable market values, consequently the Council does not recognise these assets on the balance sheet.

Public Art and Cultural Artefacts: The Council has a number of public art works around the borough, however does not hold readily available valuations.
There is no readily available valuation held by the Council for statues, sculptures, public work of art or cultural artefacts as no definitive market value for these types of assets exist as they are not normally traded. The Council believes that the benefits of obtaining a valuation for these items to the user of the accounts would not justify the cost given the specialised nature of these assets, as such the Council has not recognised these assets on the balance sheet.

Statues and Sculptures: The Council has a number of statues and sculptures around the borough which were gifted by the Commission for New Towns to the Stevenage Development Corporation which is now Stevenage Borough Council.

17. Property, Plant and Equipment

31-Mar-21 £'000	Property, Plant and Equipment	31-Mar-22 £'000
3,004	Infrastructure Assets	1,725
810,964	Other Property, Plant and Equipment	842,504
813,968	**Total**	**844,229**

Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this may not faithfully represent the asset position to the users of the financial statements. The council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation may not be measured accurately and may not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

Movement of Infrastructure Assets in 2021/22

2020/21 £'000	Movements	2021/22 £'000
3,507	**Net Book Value at 1 April**	**3,004**
76	Additions	197
56	Other movements in cost or valuation	(824)
(635)	Depreciation charge	(652)
3,004	**Net Book Value at 31 March**	**1,725**

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Movement in 2021/22	Council Dwellings	Other Land & Buildings	Vehicles, Plant, & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Other Property, Plant & Equipment
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
At 1 April 2021	**701,676**	**110,205**	**25,856**	**4,659**	**383**	**33,176**	**875,955**
Additions	25,865	6,237	1,006	108	-	15,663	**48,879**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	1,102	-	-	-	-	**1,102**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(49)	(3,088)	-	-	-	-	**(3,137)**
Derecognition - Disposals	(5,766)	(4,498)	(16,532)	(16)	-	-	**(26,812)**
Derecognition - Other	-	-	-	-	-	-	**-**
Assets reclassified	-	(2,528)	-	-	-	-	**(2,528)**
Other movements in Cost or Valuation	2,605	6,554	-	959	-	(10,373)	**(255)**
At 31 March 2022	**724,331**	**113,984**	**10,330**	**5,710**	**383**	**38,466**	**893,204**
Accumulated Depreciation & Impairment							
At 1 April 2021	**(41,960)**	**(1,909)**	**(19,952)**	**(1,171)**	**-**	**-**	**(64,991)**
Depreciation charge	(11,991)	(2,112)	(1,460)	(244)	-	-	**(15,807)**
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	237		-	-	-	**237**
Depreciation written out to Revaluation Reserve	6,817	1,398	-	-	-	-	**8,215**
Assets reclassified (to)/from Assets Under Construction	-	-	-	-	-	-	**-**
Derecognition - Disposals	3,262	1,995	16,532	16	-	-	**21,805**
Derecognition - Other	-	-	-	(157)	-	(2)	**(159)**
At 31 March 2022	**(43,872)**	**(391)**	**(4,880)**	**(1,556)**	**-**	**(2)**	**(50,701)**
Net Book Value							
At 31 March 2022	**680,459**	**113,593**	**5,450**	**4,154**	**383**	**38,464**	**842,504**
At 1 April 2021	**659,716**	**108,296**	**5,904**	**3,488**	**383**	**33,176**	**810,964**

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Other Property, Plant and Equipment

Movement in 2020/21	Council Dwellings	Other Land & Buildings	Vehicles, Plant, & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2020	669,502	100,303	25,186	4,623	390	16,413	816,417
Additions	19,482	2,399	1,219	36	-	19,214	42,350
Revaluation increases/(decreases) recognised in the Revaluation Reserve	14,048	5,518	-	-	-	-	19,566
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	3,999	-	-	(7)	-	3,992
Derecognition - Disposals	(3,053)	(767)	(624)	-	-	-	(4,444)
Assets reclassified (to)/from Assets Under Construction	1,697	775	-	-	-	-	2,472
Other movements in Cost or Valuation	-	(2,023)	75	-	-	(2,451)	(4,399)
At 31 March 2021	701,676	110,205	25,856	4,659	383	33,176	875,955
Accumulated Depreciation & Impairment							
At 1 April 2020	(37,102)	(3,306)	(18,883)	(963)	0	(110)	(60,364)
Depreciation charge	(11,433)	(1,650)	(1,618)	(208)	-	-	(14,909)
Depreciation written out to the Surplus/Deficit on the Provision of Services	285	167	613	-	-	-	1,066
Depreciation written out to Revaluation Reserve	6,291	1,925	-	-	-	-	8,216
Derecognition - Other	-	955	(65)	-	-	110	1,000
At 31 March 2021	(41,960)	(1,909)	(19,952)	(1,171)	-	-	(64,991)
Net Book Value At 31 March 2021	659,716	108,296	5,904	3,488	383	33,176	810,964
Net Book Value at 31 March 2020:	632,400	96,997	6,303	3,660	390	16,303	756,053

Within the **Council dwellings** valuation of £680,459,000 there are a number of properties which are likely to be sold within the next 12 months under the Right to Buy Scheme. As at the balance sheet date these properties were not actively marketed and nor is there any certainty as to which properties will be sold. However based on the number of successful applications made last year it is estimated that 35 properties could be sold in 2022/23.

With the introduction of Self-financing in April 2012 a new government calculation was introduced to apportion right to buy receipts due from sales of the Council's housing stock. The Council agreed to participate in the scheme that enabled the Council to retain a proportion of the receipts that can only be used for new build provision.

The retained receipts can be used to cover four elements; administration costs, allowable debt, a capped share of the receipt for the local authority, and an allowance for new build provision. There is a duty to use the element retained for new build provision within three years, funding up to a maximum of 40% of the cost of any individual new build scheme. Other housing receipts from land may be fully retained by the Council if spent on affordable housing, regeneration or repayment of HRA debt.

Revaluations

The revaluation process is co-ordinated by the Council's Estates Manager M Sullivan FRICS.

General Fund properties' valuation certificates are dated 31 March 2022 and revaluations are carried out by private firm of Chartered Surveyors – Wilks Head and Eve. The Council's housing stock is valued as at 31st March 2022 by external valuer Savills.

The valuations provided for non-housing stock assume that there are no encumbrances to the Council's Current Value in the use of those assets. It is however noted that if there is a disposal of the Business Technology Centre before 29 November 2022 it will trigger a claw-back to East of England Development Agency (EEDA) in accordance with a formula. There is no intention on the part of the Council to dispose of this asset.

The inputs to inform the Council's Surplus Asset valuation have been determined at level 2 as per the fair value hierarchy.

Impairment Losses

During 2021/22 (as in 2020/21) the Council did not incur any losses as a result of impairment.

Capital Commitments

At 31 March 2022 the Council has the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in future years. The major commitments amounting to £1m or more are as follows and equivalent figures have been provided for 31 March 2021. These are contractual unless stated otherwise.

Capital Commitments	31 March 2021 £'000	31 March 2022 £'000
Decent Homes and major repairs	46,143	68,802
Decent Homes and major repairs (Non-contractual)	10,377	14,755
Housing Regeneration (GF)	57,839	17,721
Town Centre Regeneration	5,004	5,184
Garage Strategy (Non-contractual)	6,932	3,391
Sub Total - Contractual	**108,986**	**18,146**
Sub Total – Non-contractual	**17,309**	**91,707**
Total	**126,295**	**109,853**

18. Investment Property

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

2020/21 £,000		2021/22 £,000
24,024	**Balance at Start of the Year**	**23,703**
(692)	Net Gains / (Losses) on Revaluation	1,205
-	Write Out of Impairments on Revaluations	-
(692)	**Net Gains / (Losses) from Movements in the Market Value of Investment Properties**	**1,205**
266	Additions	20
105	Reclassifications	-
23,703	**Balance at end of year**	**24,928**

The Council's investment property portfolio has been assessed as Level 2 for valuation purposes.

Valuation Techniques Used to Determine Level Two Fair Values for Investment Properties:

The values have been derived from a desktop valuation taking into account existing lease terms and rentals, market rentals and yields, and then adjusted to reflect the nature and profile of the particular asset valued.

The Council's commercial property portfolio located within the Borough boundary are measured using the income approach, where the expected cash flows from the property are discounted at an appropriate discount rate (reflecting the nature and risk profile of the particular asset valued), to establish the present value of the net income stream.

The Council's commercial property portfolio is therefore categorised as Level Two in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

There has been no change in the valuation techniques used during the year for investment properties.

Highest and Best Use of Investment Properties

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is deemed to be their current use.

Valuers

The investment property portfolio has been valued at 31 March 2022 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The revaluations are carried out by Wilks Head and Eve. The valuations assume that there are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance on income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property. Nor does the Council have any contractual obligations to repair, maintain or enhance the investment properties with the exception of a very small proportion of the Council's investment property portfolio where the leases are internal repairing leases and the Council is responsible for the external fabric of the building.

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

2020/21 £,000		2021/22 £,000
2,292	Rental Income from Investment Property	2,416
(1,059)	Direct Operating Expenses/(Income) Arising from Investment Property	(909)
1,233	**Direct cost of Investment Properties**	**1,507**
-	Other Net Operating Costs	-
1,233	**Net (Gain)**	**1,507**

19. Intangible Assets

There was a total amortisation of £255k for all intangible assets charged to revenue in 2021/22 (2020/21- £368k). There are no items of capitalised software that are individually material to the financial statements.

The movement on Intangible Asset balances during the year is as follows:

2020/21 £000's		2021/22 £000's	2021/22 £000's
	Balance as at 1 April		
1,650	Gross carrying amounts		2,045
(815)	Accumulated amortisation		(1,183)
835	**Net carrying amount at 1 April**		**862**
	Movements in year:		
395	Additions	164	
-	Transfer In and Out	48	
(368)	Amortisation for the Period	(255)	
862	**Balance at 31 March**		**819**
	Comprising:		
2,045	Gross carrying amounts		2,257
(1,183)	Accumulated amortisation		(1,438)
862			**819**

20. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the following table, together with resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets used by the Council, the expenditure increases the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

2020/21 £'000		2021/22 £'000	2021/22 £'000
245,836	**Opening Capital Financing requirement**		**268,610**
	Capital investment :		
42,426	Property Plant and Equipment	49,076	
266	Investment Property	20	
395	Intangible Assets	164	
-	Loans to Third Parties	11,179	
1,275	Revenue expenditure funded from Capital under statute	412	
-	Property, Plant and Equipment purchase under finance leases	491	
44,362			61,342
	Sources of Finance :		
(9,343)	Capital Receipts	(9,493)	
(8,697)	Government Grants & Other Contributions	(8,308)	
(2,325)	Major Repairs Reserve	(3,828)	
(353)	Direct revenue contributions	(1,862)	
(276)	Statutory provision for the financing of capital investment charged against the General	(195)	
(594)	Loan Repayment	(1,319)	
(21,588)			**(25,005)**
268,610	**Closing Capital Financing requirement**		**304,947**

2020/21 £'000		2021/22 £'000	2021/22 £'000
22,774	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)		36,337
22,774	**Increase/(decrease) in Capital Financing requirement**		**36,337**

21. Leases

Plant and Equipment: Council as a Lessee - in 2021/22 the Council had use of multi-functional printing devices. The annual amount charged under these arrangements in 2021/22 was £25,522 (2020/21 £17,000). Future lease payments due are shown in the table below:

31-Mar-21				31-Mar-22		
Printers £'000	**Assigned Vehicles £'000**	**Total £'000**	**Operating Lease Payments**	**Printers £'000**	**Assigned Vehicles £'000**	**Total £'000**
13	4	**17**	Not later than one year	11	-	**11**
37	-	**37**	Later than one year and not later than five years	34	-	**34**
-	-	**-**	Later than five years	-	-	**-**
50	**4**	**54**	**Total**	**45**	**-**	**45**

Property: Council as Lessor - the authority currently leases 338 premises which include 183 shops, 35 workshops, 11 public houses, 10 surgeries and 99 miscellaneous. These leases are accounted for on an operating lease basis. The rental receivable in 2021/22 was £3,253,000, (2020/21 £2,929,000).

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

31-Mar-21 £'000	Future minimum lease payments	31-Mar-22 £'000
3,161	Not later than one year	3,050
12,643	Later than one year and not later than five years	12,161
45,321	Later than five years	43,098
61,125	**Total**	**58,309**

Finance Lease Lessor: Property, Plant, and Equipment

The Council acquired 4 council dwelling leases during the year from Marshgate Ltd, its wholly owned subsidiary. These form part of a 10-unit acquisition of 25 year leases by the HRA (6 in 2022/23), commencing in Q4 of 2021/22.

31-Mar-21 £'000	Future minimum lease to Marshgate payments	31-Mar-22 £'000
-	Not later than one year	25
-	Later than one year and not later than five years	102
-	Later than five years	509
-	**Total**	**636**

Finance Leases Lessor and Lessee: Property, Plant, and Equipment: In 2018/19 the council acquired a 37 year head lease from Aviva for Queensway. This was immediately sublet to Queensway Properties (Stevenage) LLP for 37 years. (See also Group Accounts). During 2021/22 the second phase of the lease became payable and increased the minimum lease payments as below.

31-Mar-21 £'000	Future minimum lease to Aviva payments	31-Mar-22 £'000
295	Not later than one year	1,198
1,288	Later than one year and not later than five years	4,915
15,323	Later than five years	42,132
16,906	**Total**	**48,245**

31-Mar-21 £'000	Future minimum lease from Queensway	31-Mar-22 £'000
295	Not later than one year	1,198
1,288	Later than one year and not later than five years	4,915
15,323	Later than five years	42,132
16,906	**Total**	**48,245**

22. Financial Instruments

The items disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long Term		Current	
	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22
	£'000	£'000	£'000	£'000
Investments				
Investment(LGA Municipal Bond)	**10**	**10**	**-**	**-**
Loans and Receivables	2,300	7,300	45,860	55,133
Total Investments	**2,310**	**7,310**	**45,860**	**55,133**
Debtors (including Cash, Cash equivalents and Bank)				
Loans and Receivables comprising:				
Mortgages	160	160	-	-
Queensway LLP Lease	17,163	16,918	295	325
Marshgate Ltd Loan	-	11,179	-	-
Housing Rents Leaseholders	-	-	1,169	1,523
Other debtors	107	107	16,253	7,340
Cash and Cash Equivalents	-	-	17,504	6,357
Total Debtors	**17,430**	**28,364**	**35,221**	**15,545**
Borrowings				
Queensway Aviva Borrowing	6,038	5,973	84	87
Financial liabilities at amortised cost	218,704	227,485	378	503
Total Borrowings	**224,742**	**233,450**	**462**	**590**
Creditors				
Receipts in Advance	373	538	10,410	9,650
Sundry Creditors	6,082	6,665	22,217	26,976
Leases	11,124	10,946	211	93
Total Creditors	**17,580**	**18,149**	**32,838**	**36,719**

The value of debtors and creditors reported in the table below are solely those amounts meeting the definition of a financial instrument. The balances of debtors and creditors reported in the balance sheet also include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

The gains and losses recognised in the Comprehensive Income & Expenditure Statement in relation to financial instruments are made up as follows:

31-Mar-21				31-Mar-22		
Financial Liabilities Measured at Amortised Cost	**Financial Assets: Loans and Receivables**	**Total**		**Financial Liabilities Measured at Amortised Cost**	**Financial Assets: Loans and Receivables**	**Total**
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
7,703	-	7,703	Interest Expense	7,880	-	7,880
7,703	**-**	**7,703**	**Total expense in Surplus or Deficit on the Provision of Services**	**7,880**	**-**	**7,880**
-	(1,155)	(1,155)	Interest income	-	(1,031)	(1,031)
-	**(1,155)**	**(1,155)**	**Total income in Surplus or Deficit on the Provision of Services**	**-**	**(1,031)**	**(1,031)**
7,703	**(1,155)**	**6,548**	**Net (gain)/loss for the year**	**7,880**	**(1,031)**	**6,849**

Fair Value Hierarchy

The Council is required to classify the valuation of financial instruments into three levels, according to the quality and reliability of information used to determine fair values.

- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs – unobservable inputs for the asset or liability. Such instruments would include unquoted equity investments and hedge fund of funds, neither of which the Council currently invests in.

Financial assets and financial liabilities (Treasury loans and investments) are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments using the following assumptions:

- The fair value of Public Works Loan Board (PWLB) loans is calculated using the "new loan rate".
- The fair value of Non -PWLB loans is calculated using the "new loan rate".
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced amount.

The Valuation Techniques Used to Determine Level Two Fair Values for Investments:
The fair value of the investments has been provided by Link Asset Services and is based on a financial model valuation which uses market information for similar instruments. The Code states that fair values disclosures are not required for short term trade payables and receivables since the carry amount is a reasonable approximation of fair value.

31-Mar-21			**31-Mar-22**	
Carrying amount	**Fair Value**		**Carrying amount**	**Fair Value**
£'000	**£'000**		**£'000**	**£'000**
		Long Term Investments		
2,340	2,487	Long term loans & receivables	7,310	7,361
2,340	**2,487**	**Total**	**7,310**	**7,361**
		Loan Debt		
-	-	Market Debt	-	-
219,082	253,633	PWLB Debt	227,896	245,256
219,082	**253,633**	**Total**	**227,896**	**245,256**

Valuation Techniques Used to Determine Level Two Fair Values for Public Works Loan Board (PWLB) Loans:
The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future loss (based on economic conditions at 31 March 2022) arising from a commitment to pay interest to lenders above current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £245.256Million measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the [additional/reduced] interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

The Authority has used a transfer value for the fair value of financial liabilities. We have also calculated an exit price fair value of £269.545Million, which is calculated using early repayment discount rates. The Authority has no contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date.

The fair value of loan debt is higher than the carrying amount because the council's portfolio of loans includes fixed rate loans where the prevailing rates at the Balance Sheet date are lower than the interest rate payable. The fair value includes the premium that would be payable should the council reschedule its debt.

Schedule of PWLB loan repayments	£
less than one year	263,158
1-2 years	0
3-5 years	8,500,000
6-10 years	57,655,950
11 -15 years	99,963,000
16 -20 years	51,811,000
21-25 years	4,557,150
26-30 years	5,000,000
Total	227,750,258

23. Nature and Extent of Risks Arising from Financial Instruments

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

- credit risk – the possibility that other parties might fail to pay amounts due to the authority
- liquidity risk – the possibility that the authority might not have funds available to meet its commitments to make payments
- Re-financing risk – the possibility that the authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms
- market risk – the possibility that financial loss might arise for the authority as a result of changes in such measures as interest rates and stock market movements

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Council's treasury team, under policies approved annually (in February prior to the financial year to which it relates) by the Council in the Annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

The Strategy includes the Prudential Indicators, the key objectives of which are

- To ensure that capital investment plans are affordable, prudent and sustainable.
- To ensure treasury management decisions accord with good professional practice and in a manner that supports affordability, prudence and sustainability.
- To be consistent with and support local strategic planning, local asset management and optional appraisal.

The Council's Treasury Management Strategy applicable from 1 April 2021 complies fully with the code of practice. Further details on the Council's Treasury Management Strategy can be found on Stevenage Borough Council's website

Credit Risk: Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. Deposits are not made with banks and financial institutions unless they meet the Council's criteria as specified in the Treasury Management Strategy.

Financial Institutions	Amount at 31 March 2022	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2022	Estimated maximum exposure to default & un-collectability 31 March 2022	Estimated maximum exposure to default & un-collectability 31 March 2021
	£'000	**%**	**%**	**£'000**	**£'000**
Financial Institutions	**A**	**B**	**C**	**(AxC)**	
Banks & Building Societies	55,000	-	-	-	-
Other Local Authorities	7,300	-	-	-	-
Other Counter parties	6,450	-	-	-	-
Trade Debtors	3,460	15%	34%	1,178	779
Total	**72,210**			**1.178**	**779**

The ECL on Treasury Financial Assets is immaterial. The historical experience of default for trade debtors is based on the debt provision calculated as at 31st March 2022. The calculation is based on the age of the trade debtor and debt type. The Council does not generally allow extended credit for customers, but some of the current balance is past its due date for payment. The past due date but not impaired amount can be analysed by age as follows:

Age of Sundry Debt	**31 March 2021 £'000**	**31 March 2022 £'000**
less than 3 months	1,112	1,395
3-6 months	832	315
6 months - 1 year	948	231
over 1 year	1,436	341
Total	**4,328**	**2,282**

Deferred Capital Receipts are amounts derived from sales of assets that will be received in instalments over agreed periods of time. They arise principally from a finance lease to Queensway LLP (see also Group Accounts). As at 31 March 2022, Deferred Capital Receipts totalled £12,435,179, (31 March 2021 £11,950,000).

These figures do not include debt relating to Council Tax or Non-domestic Rates as these are considered to be statutory debts. Debt relating to Council house rents is disclosed in Note HRA 2. Rent and Supported Housing Payment Arrears.

Liquidity risk: The Council's cash flow is managed so that cash is available as needed. If the unexpected happens the Council has ready access to borrowings from the money markets and the Public Works Loan Board (PWLB).

Market Risk

Interest rate risk: The Council is exposed to significant risk in terms of its exposure to interest rate movements on its investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects on Stevenage Borough Council: Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise, whilst the fixed term investment/borrowing cost/income will remain constant.

Changes in interest receivable on variable rate investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance. Movements in the fair value of fixed rate investments will be reflected in the Movement in Reserves Statement.

If interest rates had been 1% higher with all other variables held constant (according to assessment as at 31 March 2022), the financial effect would be:

	£'000
Increase in interest receivable on investments	(809)
Impact on Comprehensive Income & Expenditure Statement	(809)
Share of overall impact credited to the HRA	(570)
Share of overall impact credited to the GF	(239)

The impact of a 1% reduction in interest rates would be as above but with movements being reversed. The above represents what the cost will be less the payment due to the HRA.

The PWLB borrowings undertaken to date are all fixed rate, therefore there would be no impact from a rise in interest rates, other than the rate at which borrowing which has not yet been physically taken could be borrowed at in future.

Price risk The Council does not invest in equity shares and does not have any shareholdings. (The Municipal Bond purchased in 2015/16 (£10,000) is not held for trading purposes but to support and have access to preferential borrowing rates from the Municipal Bond Agency, set up by the Local Government Association. As such this transaction has been classed as a non-current investment.)

Foreign exchange risk: The Council has no financial assets, or a liability denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

24. Debtors

The Council's debtors (net of the provision for bad and doubtful debts) are as follows:

31-Mar-21 £'000	Short Term Debtors	31-Mar-22 £'000
1,515	Central Government Bodies	393
196	Other Local Authorities	394
1,169	Housing Rents & Leaseholders	1,523
469	Collection Fund	-
321	Queensway Lease	325
14,047	Other Debtors	6,553
17,717	**Total**	**9,188**

31-Mar-21 £'000	Long Term Debtors	31-Mar-22 £'000
107	Building Control	107
160	Mortgages	160
17,163	Queensway Lease	16,918
-	Marshgate Ltd**	11,179
17,430	**Total**	**28,364**

** This new long term loan to Marshgate Ltd – a wholly owned subsidiary of the council is for the purchase and development of housing within the borough.

25. Cash and Cash Equivalents

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

31-Mar-21 £'000		31-Mar-22 £'000
49	Cash held by the Council	8
(4,245)	Cash at Bank	6,322
21,700	Short-term liquid deposits	27
17,504	**Total**	**6,357**

26. Creditors

31-Mar-21 £'000	**Short Term Creditors**	31-Mar-22 £'000
9,583	Central Government Bodies	11,252
580	Other Local Authorities	379
746	Accumulated leave	715
11,519	Other Entities & Individuals	14,685
10,410	Receipts in Advance	9,650
32,838	**Total Creditors**	**36,681**

31-Mar-21 £'000	**Long Term Creditors**	31-Mar-22 £'000
6,082	Local Enterprise Partnership (LEP)	6,175
373	Grants received in advance (Capital)	538
-	Marshgate Lease	490
11,125	Queensway Lease	10,946
17,580	**Total Creditors**	**18,149**

Local Enterprise Partnership (LEP) – this relates to loans for land assemble to facilitate the town centre regeneration project.

Marshgate Lease – relates to four council dwellings leased by the HRA from Marshgate Ltd, the first of ten properties to be leased.

85-100 Queensway and 24-26 The Forum This relates to a 37 year finance lease for these properties, subsequently sublet to Queensway Properties (Stevenage) LLP.

27. Assets held for sale

31-Mar-21		31-Mar-22
£'00		£'000
563	**Balance at start of year**	**1,328**
765	Transfer from land & buildings	2,528
-	Assets sold	(1,174)
1,328	**Balance at year end**	**2,682**

Assets held for sale are only recognised where a property is being actively marketed and is likely to result in a probable sale within 12 months of the balance sheet date.

A reasonable assessment can be made of General Fund disposals. However, for HRA Council dwellings, at the balance sheet date, the Council cannot reliably estimate specific disposals for the following 12 months. For example Right to Buy requests are received from tenants which may not result in a subsequent sale. As the numbers involved are not material, Right to Buy properties which are nearing completion of a sale are not recognised as Assets held for sale and no adjustment is made in the accounts for these.

With the introduction of Self-financing in April 2012 a proportion of the HRA right to buy receipts go to the government. The Council then retains the remainder of the receipts to cover four elements; administration costs, allowable debt, a capped share of the receipt for the local authority, and an allowance for new build provision. There is a duty to use the element retained for new build provision within three years, funding up to a maximum of 30% of the cost of any individual new build scheme. Other housing receipts from land may be fully retained by the Council if spent on affordable housing, regeneration or repayment of HRA debt.

28. Provisions

	Insurance Provision	Organisational Change	Municipal Mutual Insurance provision	NNDR Appeals	Leisure Provision	Other Provisions	Total
	£000	£000	£000	£000	£000	£000	£000
Balance as at 1 April 2020	**(383)**	**(152)**	**(51)**	**(2,837)**		**(94)**	**(3,517)**
Additional Provisions made in 2020/21	(425)	(202)	(32)		(1,187)	(2,380)	(4,225)
Amounts Used in 2020/21	220	152				184	556
Unused Amounts reversed in 2020/21	114			(1,192)			(1,078)
Balance as at 31 March 2021	**(474)**	**(202)**	**(83)**	**(4,029)**	**(1,187)**	**(2,290)**	**(8,265)**
Additional Provisions made in 2021/22	(238)	(82)	0	218	-		(102)
Amounts Used in 2021/22	363	0	0		887		1,250
Unused Amounts reversed in 2021/22	0		0	(132)			(132)
Balance as at 31 March 2022	**(349)**	**(284)**	**(83)**	**(3,943)**	**(300)**	**(2,290)**	**(7,249)**

Closing provisions include the following elements:

- **Insurance provision**: Provides for excesses relating to known claims.
- **Organisational Change Provision:** This provision was established to meet the costs arising from service efficiencies (identified as part of the budget setting process and service reviews).
- **Municipal Mutual Insurance (MMI) Provision:** MMI suffered substantial losses between 1990 and 1992 and these losses reduced MMI's net assets to a level below the minimum regulatory solvency requirement. In September 1992 MMI went in to "run off", and ceased to renew or take on new general insurance work. If a solvent "run off" cannot be achieved the Council may have to repay part of the claims already settled.
- **NDR Appeals Provision:** Business Rate Payers are entitled to appeal against the rateable value allocated to it by the Valuation Office Agency (VOA). From 1 April 2013 onwards, in the event that the appeal is successful, the Council is responsible for the Business Rate repayment to the business. This provision has been made based on the expected outcome of the appeals outstanding with the VOA as at 31 March 2022.
- **Leisure**: This provision was established to meet costs arising as a result of the Covid-19 epidemic and its impact on service provision costs.
- **Water Rates Provision:** For potential liability relating to historical water charges.
- **Other Provisions:** All other provisions are individually insignificant.

29. Pension

Participation in Pension Schemes

As part of the terms and conditions of employment of its employees, the Council offers retirement benefits. Although these benefits will not be payable until the employees retire, the Council has a commitment to make payments which need to be disclosed at the time these benefits are earned.

The Council participates in the Local Government Pension Scheme administered by Hertfordshire County Council. The scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Hertfordshire County Council. This is a funded defined benefit career average 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 principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and HRA the amounts required by statute as described in the accounting policies note.

Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by the employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund [and Housing Revenue Account] via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year.

2020/21 £'000		2021/22 £'000
	Cost of service	
5,794	Current service costs	9,538
-	Past service costs	7
	Financing and Investment Income & Expenditure	
(3,747)	Interest costs	(3,959)
4,649	Interest income on plan assets	5,250
6,696	**Total Post Employment Benefit Charged to the Surplus or Deficit on the provision of Services**	**10,836**
	Other Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	
(31,439)	Return on plan assets (excluding the amount included in the net interest expense)	(4,698)
3,267	Actuarial gains and losses arising on changes in demographic assumptions	(2,633)
52,297	Actuarial gains and losses arising on changes in financial assumptions	(15,939)
(2,316)	Other Actuarial gains and losses	13,107
28,505	**Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement**	**673**
	Movement in Reserves Statement	
(6,696)	Reversal of net changes made to the Surplus or Deficit for the provision of Services for post-employment benefits in accordance with the Code	(10,836)
	Actual amount charged against the General Fund and HRA Balance for pensions in the year	
4,872	Employer's contributions payable to the scheme	5,161

Pension assets and liabilities recognised in the Balance Sheet are as follows:

2020/21 £'000		2021/22 £'000
163,118	**Opening fair value of Scheme assets**	**198,096**
3,747	Interest Income	3,959
	Re-measurement gain/(loss)	
31,439	The return on plan assets, excluding the amount included in the net interest expense	3,299
-	Adjusted actuarial re-measurement assessment for prior years	
4,872	Contributions from employer	5,161
1,213	Contributions from employees into the scheme	1,307
(6,293)	Benefits paid	(6,518)
198,096	**Closing fair value of scheme assets**	**205,304**

2020/21 £'000		2021/22 £'000
201,919	**Opening Balance of Obligations**	**260,530**
5,794	Current Service Cost	9,538
4,649	Interest Cost	5,250
1,213	Contributions from Scheme participants	1,307
-	**Re-measurement gain/(loss)**	
3,267	Actuarial gains/(losses) arising from changes in demographic assumptions	(2,633)
52,297	Actuarial gains/(losses) arising from changes in financial assumptions	(15,939)
-	Adjusted actuarial re-measurement for prior years	-
(2,316)	Other	11,708
-	Past service costs	7
(6,293)	Benefits paid	(6,518)
260,530	**Closing balance**	**263,250**
62,434	**Net Pension Liability**	**57,946**

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. Hymans Robertson LLP, an independent firm of actuaries, has assessed Stevenage Borough Council’s fund liabilities. The estimates for the Council are based on the latest formal valuation of the scheme as at 31 March 2022. (Date report prepared: 19 April 2023).

Fair value of Employer's assets (at bid values unless otherwise stated):

Period Ended 31 March 2021 Quoted Prices in active markets £'000	Period Ended 31 March 2021 Quoted prices not in active markets £'000	Period Ended 31 March 2021 Total £'000	Period Ended 31 March 2021 Percentage of Total Assets %	Asset Category	Period Ended 31 March 2022 Quoted Prices in active markets £'000	Period Ended 31 March 2022 Quoted prices not in active markets £'000	Period Ended 31 March 2022 Total £'000	Period Ended 31 March 2022 Percentage of Total Assets %
				Equity Securities:				
1,760	-	1,760	1%	Consumer	2,927	-	2,927	1%
1,553	-	1,553	1%	Manufacturing	972	-	972	0%
-	-	-	0%	Energy and Utilities	-	-	-	0%
1,269	-	1,269	1%	Financial Institutions	1,127	-	1,127	0%
784	-	784	0%	Health and Care	1,774	-	1,774	1%
4,517	-	4,517	2%	Information Technology	3,735	-	3,735	2%
177	-	177	0%	Other	-	-	-	0%
				Debt Securities:				
-	-	-	0%	Corporate Bonds (investment grade)	-	-	-	0%
-	-	-	0%	Corporate Bonds (non-investment grade)	-	-	-	0%
10,150	-	10,150	5%	UK Government	15,063	-	15,063	7%
-	4,520	4,520	2%	Other	-	5,379	5,379	3%
				Private Equity:				
-	11,907	11,907	6%	All	-	15,002	15,002	7%
				Real Estate:				
-	10,962	10,962	6%	UK Property	-	15,938	15,938	8%
-	9,129	9,129	5%	Overseas Property	-	11,494	11,494	6%
				Investment Funds and Unit Trusts:				
91,131	-	91,131	46%	Equities	75,463	-	75,463	37%
32,034	-	32,034	16%	Bonds	30,456	-	30,456	15%
		-	0%	Commodities			-	0%
-	83	83	0%	Infrastructure	-	126	126	0%
1,833	10,788	12,621	6%	Other	1,733	12,209	13,942	7%
				Derivatives:				
-	-	-	0%	Interest Rate	-	-	-	0%
-	(78)	(78)	0%	Foreign Exchange	-	(107)	(107)	0%
				Cash and Cash Equivalents:				
5,577	-	5,577	3%	All	12,013	-	12,013	6%
150,785	**47,311**	**198,096**	**100%**	**Totals**	**146,263**	**60,041**	**205,304**	**100%**

Principle Assumptions

The principle assumptions used by the Actuary have been:-

2020/21		2021/22
	Mortality Assumptions:	
	Longevity at 65 for current pensioners:	
22.1	Men	21.9
24.5	Women	24.4
	Longevity at 65 for future pensioners:	
23.2	Men	22.9
26.2	Women	26.0
	Other Assumptions:	
2.85%	Rate of pension inflation	3.20%
3.25%	Rate of increase in salaries	3.60%
2.00%	Rate for discounting scheme liabilities	2.70%
50%	Take up of option to convert annual pension into retirement lump sum. (Pre-April 2008 service)	50%
75%	Take up of option to convert annual pension into retirement lump sum. (Post April 2008 service)	75%

Defined Benefit Obligation and maturity profile	Liability split £'000's as at 31 March 2022	Liability split %'s as at 31 March 2022
Active members	68,362	26%
Deferred members	87,480	33%
Pensioner members	107,409	41%
Total	263,251	**100%**

Sensitivity analysis of Actuarial assumptions

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis that follows has been determined based on reasonably possible changes in the assumptions occurring at the end of the reporting period in calculating the impact for each change in assumption it is assumed that the other assumptions remain unchanged. In practice it is likely that changes in assumptions would be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Change in assumptions at year ended 31 March 2022	Approximate % increase to Employer Liability	Approximate monetary amount increase (£'000)
0.1% decrease in Real Discount Rate	2%	4,624
1 Year Increase in member life expectancy	4%	10,530
0.1% increase in salary increase rate	0%	517
0.1% increase in pension increase rate (CPI)	2%	4,072

Impact on the authority's cash flow

The objectives of the scheme are to keep employer' contribution rates as consistent as possible to reduce additional funding pressures on employer bodies. In order to achieve this, the Fund obtains a valuation every three years, with new contribution rates set to achieve a fully funded position (100%). The current triennial valuation started on the 1st April 2022 with results expected before the 31st March 2023. At present, funding levels are reported to Hertfordshire County Council Pension Committee on a quarterly basis from officers and consultants. As the Fund has achieved a 100% funded position in 2021/22 (100% funded for all current members, however as the Fund is still open to new members, this could still move below 100% in the future), the objectives of the Fund have altered to keep this position going forward. In order to complete this objective, the Fund has de-risked through obtaining an equity protection strategy (2020/21), which protects the fund against negative market movements (-10 to -30%) and diversifying assets from higher risk growth assets (e.g., equities) to more defensive assets (e.g., property, index linked gilts).

The total estimated contributions for current service cost expected to be made to the Pension Scheme for the period to 31 March 2023 will be approximately £5,151,000.

The weighted average duration of the defined benefit obligations for scheme members is 19 years, 2021/22 (19 2020/21)

Further information can be found in Hertfordshire County Council Pension Fund's Annual Report that is available upon request from: Hertfordshire County Council, Corporate Services, County Hall, Hertford SG13 8DQ (email contact : pensions.team@hertscc.gov.uk)

30. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2020/21 £'000		2021/22 £'000
(969)	Interest received	(894)
7,663	Interest paid	7,868

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2020/21 £'000		2021/22 £'000
(15,956)	Depreciation of Non-Current Assets	(16,497)
4,321	Impairment, Impairment Reversal and Revaluation of Non-Current Assets	(2,687)
(3,368)	Assets de-recognised during year	(8,026)
(368)	Amortisation of Intangible assets	(255)
16	Increase/(Decrease) in inventories	68
3,627	Increase/(Decrease) in debtors	2,405
(11,533)	(Increase)/Decrease in creditors	(4,426)
(4,747)	(Increase)/Decrease in provisions	1,016
(1,824)	Pension Fund costs adjustment	(5,675)
(672)	Movement in Investment Property Values	1,205
47	Other Non-cash items	4
(30,457)	**Total Non-cash movements**	**(32,868)**

The surplus or deficit on the provision of services has been adjusted for the following items in that are Investing or Financing Activities:

2020/21 £'000		2021/22 £'000
11,706	Capital Grants credited to surplus or deficit on the provision of services	10,091
(46)	Net adjustment from the sale of short and long term investments	-
7,995	Proceeds from the sale of property plant and equipment, investment property and intangible assets	17,935
19,655	**Total Investing or Financing cash movements**	**28,026**

31. Adjustments for items in the net surplus or deficit on the provision of services that are investing or financing activities

2020/21 £'000	Investing Activities	2021/22 £'000
43,087	Purchase of property, plant and equipment, investment property and intangible assets	49,751
97,000	Purchase of short-term and long-term investments	248,050
(56)	Other payments for investing activities	(165)
(7,995)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(17,935)
(97,000)	Proceeds from short-term and long-term investments	(233,777)
(11,706)	Other receipts from investing activities	(10,091)
23,330	**Net cash flows from investing activities**	**35,832**

2020/21 £'000	Financing Activities	2021/22 £'000
(9,793)	Cash Receipts of Short and Long term borrowing	(8,909)
905	Cash payments for the reduction of the outstanding liabilities relating to finance leases	244
-	Repayments of short- and long-term borrowing	-
(8,888)	**Net cash flows from financing activities**	**(8,665)**

32. Related Parties

The Council is required to disclose material transactions with related parties. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government: Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions the Council has with other parties (e.g. Council tax bills, housing benefits). Grants received from government departments are set out in Note 8 Taxation and Non Specific and Specific Grant Income.

Other Public Bodies:

Payments between the Council and **Hertfordshire County Council (HCC)** amounted to £1,313,222 (2020/21, £1,345,901). These payments were in relation to costs of shared services and agency agreements.

The Council provides a verge maintenance service for Hertfordshire County Council under an agency agreement for which the Council was reimbursed £591,448 in 2021/22 (£495,517 in 2020/21).

There are a number of shared services arrangements in place including a legal shared service is provided to Stevenage BC by HCC for which the council paid £486,146 in 2021/22 (2020/21 £449,395).

Further payments between the Council and Hertfordshire County Council are disclosed in the Collection Fund accounts, Note 29 Pension and Note 8 Taxation and Non Specific and Specific Grant Income.

Members and Senior Officers: Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2021/22 is shown in Note 9 Members Allowances.

A contract payment of £871,297 was paid to **Stevenage Leisure Limited (SLL)** (2020/21 £1,248,656) and £41,675 was paid to **Hertfordshire Building Control Limited** (£46,914 in 2020/21). Also £1,807,311 was paid to other organisations (2020/21 £1,514,160), either as grants or services received.

With reference to all of these organisations, of the 39 Members, 38 Members declared interests through either the Register of Interests or completed related party transactions' forms.

The relevant Members did not take part in any discussions or decision relating to the grants. The grants were made with proper consideration of the declarations which all Members completed in accordance with the statutory Code of Conduct for Members (Local Government Act 2000).

During 2021/22 expressions of interest, both potential financial and other interests, are declared and recorded in the minutes of the meeting including involvement with voluntary organisations, public authorities and as the local authority representative on various bodies. This is available for public inspection on the Stevenage Borough Council website. There are no other material related party transactions other than those shown elsewhere in the accounts.

During 2021/22, the Chief Executive and Strategic Leadership Team declared no pecuniary interests in accordance with section 117 of the Local Government Act 1972. The Assistant Director of Planning and Regulatory did not take part in any discussion, decision or administration relating to the Stevenage Leisure Limited and Hertfordshire Building Control Limited contract payments.

Joint Arrangements

The Council has one jointly controlled operation for the provision and management of CCTV in the Hertfordshire and Bedfordshire area. This arrangement is with Stevenage Borough Council (SBC), North Hertfordshire District Council, East Hertfordshire District Council and Hertsmere Borough Council. Each member of the arrangement accounts for their share of the asset, liabilities and cash flows of the CCTV in their own accounts.

On the 1 April 2015 a new company, **Hertfordshire CCTV Partnership Ltd,** was incorporated to conduct the commercial trading affairs of the CCTV Partnership. For the year ended 31 March 2022 the company produced a profit before tax of £1,500. SBC's share of the profit is £560. Due to the de-minimis size of the new company, group accounts have not been completed.

The Council partnered with six local authorities across Hertfordshire to create a new fully integrated building control service and in August 2017, **Hertfordshire Building Control Ltd**, started trading. In 2019/20 Decorum Borough Council joined the integrated service. The council holds 12.5% of the share capital and is represented on the board. In August 2016 the council made a loan to the company of £107,000 which is held in Long Term Debtors on the balance sheet. Due to the Council's small shareholding the Council has not included any further disclosure notes regarding this company.

Other companies

Disclosures regarding Queensway Properties (Stevenage) LLP and Marshgate Plc have been included in the Group Accounts section of this document.

33. Contingent Liabilities and Assets

At the Balance Sheet date the following contingent liabilities were identified:-

- There is a possibility that a new claim for mandatory relief from business rates on behalf of NHS Trust will be legislated for from a private Members bill (Hospitals (Parking Charges and Business Rates). The application could potentially be backdated, potentially up to 6 years (as a statute of limitation). In December 2019, the High Court ruled that NHS Trusts and Foundation Trusts are not eligible for business rates relief. The decision is now being appealed.
- The Council has signed a development agreement with Mace, its redevelopment partner for SG1. Should the council not be able to fulfil its development obligations penalty payments would be due to Mace.
- Stevenage Borough Council is one of a number of Local Authority and National Parks Authority who have asked the Local Government Association (LGA), to co-ordinate legal representation and provide ongoing support in respect of collective legal action against MasterCard/Visa (Card Schemes) for unlawful interchange fee.

34. Accounting Policies

i. General Principles:

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position as at the year end of 31 March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which those regulations require to be prepared in accordance with proper accounting practices. The Statement of Accounts have been prepared in accordance with proper accounting practices and Code of Practice on Local Authority Accounting in the UK 2021/22 supported by

International Financial Reporting Standards and statutory guidance issued under section 12 of the 2003 Act.

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

ii. Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits of service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption and the value is considered material, they are carried as inventories on the balance sheet.
- Expenses in relation to the services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but the cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Revenue relating to council tax and non-domestic rates (NDR) shall be measured at the full amount receivable (net of any impairment losses).

iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits available on demand. Cash Equivalents are represented by short-term, highly liquid investments that can be readily converted (within seven days) into known amounts of cash and that are subject to an insignificant risk of changes in value. Short-term for this purpose is a deposit of less than 3 months at the point the deposit was made.

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

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

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

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

v. **Charges to Revenue for Non-Current Assets**

Service, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service 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 cover depreciation, revaluation and impairment losses or amortisations. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Depreciation charged to the Housing Revenue Account (HRA) is not reversed out and is a cost to the HRA. HRA depreciation is transferred *to the Major Repairs Reserve to fund future HRA capital investment*

vi. **Council Tax and Non-domestic Rates**

The Council (billing authority) acts as agent, collecting council tax and NDR on behalf of Hertfordshire County Council, Hertfordshire Police and Central Government (for NDR) and, as principal, collecting Council Tax and NDR for themselves. The Council is required by statute to maintain a separate fund (i.e., the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and NDR. Under legislative framework for the Collection Fund, the Council, Hertfordshire County Council, Hertfordshire Police and Central Government (for NDR) share proportionately the risks and rewards that the amount of Council Tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The Council Tax and NDR income in the CIES is the Council's share of accrued income for the year. However, regulations determine the amount of Council Tax and NDR that must be included in the Councils General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the collection fund adjustment account and included as a reconciling item in the Movement in Reserves Statement.

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

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

vii. Employee benefits payable

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave and are recognised as an expense for service in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlement (or any form of leave e.g. flexi time) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is charges to surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charges to revenue in the financial year in which the holiday absence occurs.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or corporate service when the council can no longer withdraw the offer of those benefits or when the council recognises costs for 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 pensions 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 un-paid at the year-end.

Post-employment benefits

Employees of the council are members of the Local Government Pension Scheme, administered by Hertfordshire County Council

Local Government Pension Scheme

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

- The liabilities of the Hertfordshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit credit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and estimations 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 at their fair value (bid value) as required under IAS 19.

The change to the net pension liability is analysed into the following components:

- Service costs comprising:
  - Current service cost – the increase in liabilities, as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
  - Past service cost – the increase in liabilities arising as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
  - Net Interest on the net defined benefit liability (asset), i.e. net interest expense for the Council - 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 CI&ES this is calculated by applying the discount rate used to measure 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 defined benefit liability during the period as a result of contributions and benefit payments .
- Re-measurements comprising:
  - The return on plan assets- excluding amounts included in net interest on the net defined benefit liability – charged to the Pension Reserve as Other Comprehensive Income and Expenditure

- Actuarial gains and losses – changes in the net pension 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 Pension Reserve and Other Comprehensive Income and Expenditure:
- Contributions paid to the Hertfordshire Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pension Reserves to remove the notional debits and credits for retirement benefits and replaces them with debits for cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

The Housing Revenue Account is charged a share of the transactions above.

Discretionary benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirement. 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.

viii. **Events after the reporting period** are those events, both favourable and unfavourable, that occur between the end of the Balance Sheet date and the date when the Financial Statements are authorised for issue. Two types of events can be identified:

- Adjusting events – where the conditions existed at the end of the reporting period, the Statements are adjusted to reflect such events
- Non-adjusting events – arising after the authorised date is not reflected in the Statements.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

ix. **Financial instruments**

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

Financial liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. For the Council's borrowing this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest).

Annual charges to the Financing and Investment Income and Expenditure line in the CIES are based on the carrying value of the liability, multiplied by the effective interest rate for the instrument.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).The Council holds no assets that fall into this category.

Financial assets measured at amortised cost (loans and receivables) are initially measured at fair value then 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 most of the loans that the Council has made, 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 loan agreement.

Any gains and losses that arise on de-recognition of a financial asset are credited or debited to the Financing and investment income and expenditure line in the CIES.

Expected Credit Loss Model: the authority recognises Expected Credit Losses (ECL) on all of its financial assets held at amortised cost [or where relevant FVOCI], either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial assets that are measured at fair value through the CIES are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in CIES.

Fair Value measurement of financial assets and liabilities

Financial assets and financial liabilities (Treasury loans and investments) are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments using the following assumptions:

- The fair value of Public Works Loan Board (PWLB) loans is calculated using the "new loan rate".
- The fair value of Non -PWLB loans is calculated using the "new loan rate".
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced amount.

The Council is required to classify the valuation of financial instruments into three levels, according to the quality and reliability of information used to determine fair values.

- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs – unobservable inputs for the asset or liability. Such instruments would include unquoted equity investments and hedge fund of funds, neither of which the Council currently invests in.

The Valuation Techniques Used to Determine Level Two Fair Values for Investments:
The fair value of the investments has been provided by Link Asset Services and is based on a financial model valuation which uses market information for similar instruments. The Code states that fair values disclosures are not required for short term trade payables and receivables since the carry amount is a reasonable approximation of fair value.

x. 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 – without requiring any impairment for capital contributions.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. 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-ring fenced 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 to fund capital expenditure, 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.

Community infrastructure levy

The council has elected to charge a community levy (CIL). The levy is charges on new builds (chargeable developments for the council) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

The CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the CIES in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges for this council may be used to fund revenue expenditure.

xi. A **Heritage asset** are recognised as an asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture and is not being used for operational purposes.

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment.

- Acquisitions of heritage assets will be recognised at cost. However, where an asset is donated or acquired for less than fair value the asset will be recognised at valuation.
- Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

- Depreciation will not be applied where a heritage assets has an indefinite life, however where there is evidence of physical deterioration or doubts arise as to the authenticity of the asset, the value of the assets will be reviewed. In addition assets held at current value will be reviewed with sufficient frequency as to ensure that the valuation is up to date.

However, where information on cost or value is not available, and the cost of obtaining the information outweighs the benefits to the users of the financial statements the asset will not be recognised on the balance sheet.

Where heritage assets are not recognised in the balance sheet appropriate disclosure is made in the notes to the financial statements.

xii. Intangible assets

Intangible assets are 'Non-financial' fixed assets that do not have physical substance but are identifiable and are controlled by the Council through custody or legal rights. Purchased intangibles, such as software licences, are capitalised at cost whilst internally developed intangibles are only capitalised where there is a readily ascertainable market value for them.

The balance is amortised on a straight line basis to the relevant service in the CIES over the economic life of the asset to reflect the pattern of consumption of benefits. All software is given a finite useful life, based on an assessment of the period that the software is expected to be of use to the Council - usually five years

Amounts are only revalued where the fair value of the assets held can be determined by reference to an active market. No such assets exist for this Council.

Any losses from impairment are recognised in the ICT service revenue account and the Comprehensive Income and Expenditure Statement.

Any gain or loss from the disposal or abandonment of an asset is posted to the other operating expenditure line on the Comprehensive Income and Expenditure Statement.
Where expenditure qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance and are therefore reversed out through the Movement in Reserves Statement and Capital adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

HRA intangible assets are depreciated in accordance with the council's policy but the charge is not reversed out but forms part of the transfer to the Major Repairs Reserve.

xiii. Interests in companies and other entities

The council has material interests in the companies and other entities that have the nature of subsidiaries and associates and require it to prepare group accounts. In the council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

xiv. **Inventories (stock)** are included in the Balance Sheet. Stocks are valued at the latest purchase price paid. The Council does not comply with IFRS which requires stocks to be shown at the lower of costs or current replacement cost, however, the effect of the different treatment is not significant. Work in progress on uncompleted jobs is valued at cost price.

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to the 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 net 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 in the Movement in the Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts reserve.

xvi. **Joint operations**

Joint operations are arrangements where the parties that have joint control of the arrangement

have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the council as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- Its expenses, including its share of any expenses incurred jointly.

xvii. **Leases**

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

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

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

The Council as Lessee

Finance Leases

PPE held under finance leases is recognised in the Balance Sheet at the commencement date of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into the lease are applied to writing down the lease liability.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the PPE applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the CIES).

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

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by revenue contributions in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating leases

Rentals paid under operating lease are charged to the CIES as an expense of the service benefitting from the use of the leased PPE. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease the carrying amount of the asset in the Balance Sheet (whether PPE or Assets held for sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. A gain is matched by a lease (long term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor, and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the CIES).

The gain credited to the CIES on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When future rentals are received, the element for the capital receipt for the disposal is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating Leases: Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained on the Balance Sheet. Rental income for investment properties is credited to the Other Operating Expenditure line in the CIES.

xviii. **Overheads and support services** are charged to services in accordance with the councils' arrangements for accountability and financial performance.

xix. **Property, Plant and Equipment (PPE)**

Assets that have physical substance and are held for use in the provision of services, for rental to others or for administrative purposes and are expected to be used in more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis, provided that the future economic benefits or service potential will flow to the Council and that the cost can be measured reliably. Expenditure that secures but does not extend the previously assessed standards of performance of asset (e.g., repairs and maintenance) is charged to revenue as it is incurred.

Measurement and valuations

Non-current assets are initially measured at cost, comprising, in addition to the purchase price, all expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. The council does not capitalise borrowing costs.

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

- Council dwellings – current value determined using the basis of existing use value for social housing (EUV-SH)
- Infrastructure, community assets and assets under construction – depreciated historical cost
- Surplus assets – the current value measurement base in fair value, estimated at highest and best use from a market participant's perspective
- Where possible all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where the DRC approach was used it was in accordance with RICS GN 6, titled "Depreciated Replacement Cost (DRC) method of Valuation for Financial Reporting". RICS GN6 requires Modern Equivalent (ME) to be considered if properties are valued using the DRC method and this was applied to last year's review.

Where assets cannot be valued by any other method depreciated historic costs is used.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service.

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

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

Valuations of the Council's freehold and leasehold properties are co-ordinated by the Council's In-House Valuer in accordance with International Financial Reporting Standards (IFRS) as applied to the United Kingdom public sector and interpreted by the current CIPFA Code of Practice for Local Authority accounting. The valuations are made in accordance with the RICS Valuation – Professional Standards, January 2014 as published by the Royal Institution of Chartered Surveyors, in so far as that is consistent with the IFRS standards and CIPFA interpretation with the exception that not all properties were inspected. This was neither practical nor considered by the Valuer to be necessary for the purpose of the valuation. All land and building assets are re-valued at the end of each financial year.

New council house properties, either constructed or acquired at market value, are re-valued downwards on completion to recognise that Council Dwellings are valued on the balance sheet at existing use value-social housing (38% of the market value).

HRA properties are re-valued annually on a Beacon Basis. Beacon types being defined by the number of bedrooms, the type of property, its area and whether it is a traditional or non-traditional build. So, with the exception of the properties which were converted into maisonettes and expenditure on replacing fully depreciated components, works done after this date have not been deemed to add value to the Beacon.

Fair Value Hierarchy - to establish the fair value of its assets, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets:

- Level 1 – quoted prices.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

In regard to property assets the total value has been apportioned between its land and non-land (i.e. building) parts, with the latter representing the depreciable amount.
Where non-property assets (e.g. vehicles plant and equipment) have short useful lives, low value or both, depreciated historical cost is used as a proxy for current value.

Impairment

Assets are assessed at each year-end as top 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:

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all PPE assets by the systematic allocation of their depreciable amounts over their useful lives. Exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the life of the property as estimated by the valuer
- vehicles, plant and equipment – straight-line allocation over the estimated life of the asset
- infrastructure – straight-line allocation over the estimated life of the asset

The useful economic lives for property, plant and equipment which are depreciated are:

Council Dwellings	up to 50 years
Operational buildings	up to 50 years
Vehicles	up to 15 years
Plant and equipment	up to 40 years
Infrastructure assets:	
Short Life Paths and Hardstanding's	5-10years
Public Realm Works	30-40 years
Other	20-46 years

Where an asset has major components with different estimated useful lives, these are depreciated separately.

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.

Properties classified PPE are valued on the basis of Current Value (Existing Use Value (EUV)) and the total value has been apportioned between its land and non-land (i.e. building) parts, with the latter representing the depreciable amount

Componentisation

The criteria applied by the Council for componentisation, is that where the cost of a component exceeds 15% of the cost of the asset, and there is a significant difference in depreciable life of a component, compared to the asset as a whole, the Council will componentise the asset, to ensure no material distortions in either the value of the asset of the charge made for use of the asset. Infrastructure Assets – Componentisation – the Council determines that where there is a replacement of a component of infrastructure, the replaced component has a value of nil and that therefore there is no requirement to remove any amount from the balance sheet in respect of the disposal of that component (Cipfa Bulletin 12 – January 2023)

The Council’s housing stock has been accounted for using componentisation since April 2011.

Disposals and Non-Current Assets Held for Sale

Where it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than continued use, it is reclassified as an 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 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 the provision of services.

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 is disposed of or decommissioned, the value of the asset in the Balance Sheet (whether PPE or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals 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 in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts in excess of £10,000 are categorised as capital receipts. The capital receipts retained by the Council are required to be credited to the Capital Receipts Reserve and used for capital expenditure.

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

xx. Provisions, contingent liabilities and contingent assets

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by transfer of economic benefits, but where timing of the transfer is uncertain. The Council's policy is to assume all transfers of economic benefit will be made within 12 months. The Council recognises that on rare occasions a provision is utilised after 12 months (for example an insurance provision), however these instances do not materially alter the financial statements.

Provisions are charged to the appropriate service account in the year that the Council becomes aware of the obligation, based on the best estimate at the balance sheet date of the expenditure required to settle the obligation.

When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed and where it becomes less than probable 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 revenue account.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (for example from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Impairment for doubtful debts are separately disclosed and included in debtors.

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 Council's control. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either the obligation cannot be measured reliably or where it is not probable that an outflow of resources will be required. Contingent liabilities are not recognised in the balance sheet but disclosed in a note to the accounts.

A **contingent asset** arises from a past event that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the Council's control.

Contingent assets are not recognised in the balance sheet but disclosed in a note to the accounts where it is probably that there will be an inflow of economic benefits or service potential.

xxi. Reserves

The Council sets aside specific amounts as reserves for future policy purposes. Reserves are created by transferring amounts out of the General Fund balance. When expenditure to be financed is incurred, it is charged to the appropriate revenue service account in that year to score against the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund so there is no net charge against Council Tax for the expenditure. These transfers can be seen in the Movement in Reserves Statement.

The Council has a number of **Unusable Reserves** that are required for statutory reasons, to comply with proper accounting practice. As such these reserves are unavailable to fund expenditure. They include reserves kept to manage the accounting process for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council

xxii. Revenue Expenditure Funded From Capital Resources Under Statute – General Fund expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the 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 to the Capital Adjustment Account is made: the amounts charged are then reversed out so that there is no impact on the Council Tax payer.

No such expenditure was incurred by the HRA in 2021/22.

xxiii. Value Added Tax (VAT) - *Income and expenditure excludes any amounts that relate to VAT, except where the VAT element is not recoverable from HM Revenue and Customs.*

xxiv. Borrowing Costs – It is not the Council’s Policy to capitalise borrowing costs.

xxv. Pre-Sale Expenses and Disposal costs: The Council is able to offset costs incidental to disposals against the capital receipt. This is restricted for General Fund disposals to a maximum of 4% of the capital receipt. Any costs not covered by a separate agreement with the purchaser to meet the Council’s revenue costs are considered for this treatment.

35. Accounting Standards issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. At the balance sheet date the following new standard has been published but not yet adopted:

- IFRS 16 leases - previously, this standard was due to be implemented from April 2022. However, following a late emergency consultation to help alleviate delays to the publication of audited financial statements, CIPFA/LASAAC recommended the deferral of the implementation of IFRS 16 Leases in the Public Sector for a further two years until the 2024/25 financial year, with an effective date of 1 April 2024. This will require lessees to recognise assets subject to leases as right-of-use assets on their balance sheet, along with corresponding lease liabilities (there are exceptions for low-value and short-term leases). This was considered and supported by the Government's Financial Reporting Advisory Board (FRAB).

36. Critical judgements in applying Accounting Policies

In applying the accounting policies, the authority has had to make certain judgements about complex transactions and/or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- Estimates for accrued expenditure / income – based on Service Managers and Accountants calculations at year end.
- Bad debt provision – based on historic trends and adjusted for material movements during the year. This includes an estimation of the impact that the Covid-19 emergency continues to have on rates of debt recovery particularly in relation to commercial income.
- Asset lives for the calculation of depreciation charges – based on Service Managers experience of previously used assets.
- The Council has also placed reliance on technical estimates supplied by third parties for the following:
    - Property valuations by Wilkes Head & Eve and Savills (UK) Limited
    - Pensions valuations by Hymans Robertson LLP

  The council has received detailed reports from these sources outlining overall valuations and all the key assumptions (including the ongoing impacts of Covid-19 where applicable), made in arriving at these final figures.
- Within the Council dwellings valuation there are several properties which are likely to be sold within the next 12 months under the Right to Buy Scheme. The Council does not classify these properties as "Held for Sale" as at the balance sheet date as these properties are not actively marketed and nor is there any certainty as to which properties will be sold.
- There is a degree of uncertainty about the future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities or materially reduce levels of service provision. The Council has identified budget options in its General Fund MTFS in anticipation of reduced central government grant funding levels in future years and a methodology to address this via the MYMC work stream to achieve financial sustainability and resilience.
- Infrastructure assets are measured on a depreciated historical cost basis. However, the accounting rules that applied before 1 April 1994 mean that the carrying amount

only reliably includes expenditure of acquisition and enhancement incurred after this date. Expenditure incurred before this date is only included to the extent that it had not been financed before the end of the 1993/94 financial year.

The Council has elected to take up a statutory override relating to the accounting for highways infrastructure assets. The update provides that for all statements of accounts that are currently open up to 2024/25, authorities are not required to report gross book value and accumulated depreciation for infrastructure assets, because the information is may not faithfully represent what it purports to represent. In accordance with the temporary relief offered by the Update to the Code on infrastructure assets the Note 17 does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this may not faithfully represent the asset position to the users of the financial statements.

37. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet as at 31 March 2022 for which there are significant risk of material adjustments in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Provisions - Insurance	The Authority has a provision of £349,000 for the settlement of insurance claim excesses, based on the estimated reserve for each claim. It is not certain that all valid claims have yet been received by the Authority relating up to 31 March 2022 or that the estimated reserve levels will be sufficient.	An increase in the forthcoming year of 10% in either total number of claims or the estimated average settlement would each have the effect of adding £34,900 to the provision needed.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pension Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effect of the pension liability for changes in individual assumptions can be measured. For instance, a one-year increase in member life expectancy would approximately increase the employer's defined benefit obligation by around 4% (£10,061,000).
Property, Plant and Equipment	To ascertain the balance sheet valuation of buildings and land held by the Council various estimation techniques can be used. The estimation technique used must be compliant with RICS standards and will be dependent on information available to the valuer.	In preparing the balance sheet valuations as at 31 March 2022 of community assets Depreciated Replacement Cost (DRC) has been used by the Council's external valuers (Wilks Head and Eve (WHE)) as they have extensive experience of valuing local authority assets. It should be noted that Balance sheet valuations are not used when determining the sale price of council assets.
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions regarding the level of repairs and maintenance that will be incurred in relation to each individual asset. The current economic climate makes it uncertain that the Authority will be able to sustain its current expenditure on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	Housing stock is split into elements including kitchens & bathrooms and the remaining element has an average useful life of 50 years. The asset life has an inverse effect with depreciation charge and will affect the in-year surplus of deficit of the HRA. The lower the asset life, the higher the depreciation charge; the higher the asset life, the lower the depreciation charge.
Fair Value valuations	The Authority owns a number of properties that have been valued based on rental yields.	If the Authority were to assess the security of the income streams more favourably, then the yield would increase giving a higher balance sheet valuation. The valuation would depend on the time of the expected rental income flows and rent increases specific to each asset.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Benefit Overpayments	At 31 March 2022, the Authority had a balance of housing overpayment debtors of £2,424,000. A review of significant balances suggested that an impairment of doubtful debts based on the age and repayment arrangements in place of 94% of the outstanding arrears was appropriate. However, it is not certain that such an allowance would be sufficient should the age profile of arrears increase.	If collection rates were to improve across all years by 10%, an equivalent reduction in impairment of doubtful debts of £87,700 would be required, returning this money back to the General Fund.
Provisions – NDR Appeals	The Authority has a provision of £3,944,000 for its share of the expected outcome of NDR appeals outstanding with the VOA as at 31 March 2022.	If 10% of the appeals that we have provided for were unsuccessful this would mean a reduction of £394,000 in the provision.
Trade Debtors and Arrears	At 31 March 2022, the Authority had a balance of trade debtors of £3,460,000 of which £2,066,000 was older than 3 months. A review of significant balances suggested that an impairment of doubtful debts based on the age and repayment arrangements in place of £1,178, 000 of the outstanding arrears was appropriate. However, it is not certain that such an allowance would be sufficient should the age profile of arrears increase.	If arrears were to age by a further year, the Authority would be required to set aside a further £547,559 in provision.

38. Going Concern

These accounts have been prepared on a going concern basis that the council will continue in operational existence for the foreseeable future.

The provisions in the Code of Audit Practice in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government).

If a council were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local council financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code, therefore, assume that a local council's services will continue to operate for the foreseeable future.

The Council must set a balanced budget each year (Local Government Finance Act 1992). The Council is required to estimate revenue expenditure and income for the forthcoming year from all sources, together with contributions from reserves, in order to determine a net budget requirement to be met by government grant and council tax.

The General Fund Medium Term Financial Strategy (MTFS) update (2023/24-2027/28) - executive 20 September 2023. Current projections in the MTFS forecast the General Fund to remain above the risk assessed balance as at 30 November 2024. In addition to the General Fund, the Council has forecast a total of £4.5Million earmarked reserves for the 2024/25 year.

The Council's General Fund balances projected in the MTFS are summarised in the table below.

General Fund balances	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Opening Balance	(£5,954)	(£4,613)	(£4,303)	(£3,680)	(£3,355)
In Year	£1,340	£310	£624	£325	(£61)
Closing Balance	(£4,613)	(£4,303)	(£3,680)	(£3,355)	(£3,416)

The Council had cash and liquid asset made up of Money Market Funds, Call Account and Bank Account as at 30 September 2023 of £45Million. Based on current plans, expected balances as at 31 March 2024 are expected to be £37.5M and at 31 March 2025 £27Million.

The Council will have sufficient liquidity to operate throughout the going concern period to 30 November 2024.

The Council has no short term borrowing. The Council could utilise short term borrowing on a temporary basis to aid liquidity in the short term, however, it has no current plans to do so. The short term borrowing referred to in the balance sheet is borrowing due to be repaid within 12 months of the balance sheet date that relates to long term borrowing arrangements.

The CFO is content that the Council's subsidiary companies are not reliant on funding from the parent Stevenage Borough Council during the going concern period to 30 November 2024 due to the subsidiary entities having their own sufficient liquidity and cash balances.

Overall, it is on this basis that management have concluded that the going concern basis of preparation for the financial statements is appropriate. No material uncertainties have been identified in this conclusion.

Housing Revenue Account (HRA) Income & Expenditure Statement

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

2020/21 £000		Note	2021/22 £000	2021/22 £'000
	Expenditure			
7,549	Repairs & Maintenance		9,482	
12,925	Supervision & Management		12,508	
219	Rents, Rates, Taxes & Other Charges		260	
11,485	Depreciation & Impairment of Non-Current Assets - HRA Dwellings		11,947	
467	Depreciation & Impairment of Other Non-Current Assets		386	
-	Revaluation gains/losses		-	
370	Movement in the allowance for bad debts		299	
33,015	**Total Expenditure**			**34,882**
	Income			
(39,344)	Dwelling rents	HRA 1	(39,788)	
(289)	Non-dwellings rents		(304)	
(3,755)	Charges for Services & Facilities		(4,083)	
(373)	Contributions towards expenditure		(415)	
(43,761)	**Total Income**			**(44,590)**
(10,746)	**Net Cost of HRA Services as included in the Comprehensive Income & Expenditure Statement**			**(9,708)**
1,056	HRA Services share of Corporate & Democratic Core			1,086
(9,690)	**Net income for HRA services**			**(8,622)**
(4,570)	Gain on sale of HRA Non-Current Assets			(4,156)
6,932	Interest payable			7,169
(285)	Interest receivable on revenue balances			(202)
(17)	Interest receivable on mortgages			-
(108)	Apprentice levy			-
-	Capital grants & Contributions receivable			(3,552)
239	Pension Interest and expected return on pension assets			395
(7,499)	**(Surplus)/Deficit for the year on HRA services**			**(8,968)**

Movement on the HRA Statement

This statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

2020/21			2021/22	
£000			£000	£000
(19,819)	**Balance on the HRA at the end of the previous year**			**(25,344)**
(7,499)	Deficit for the year on the HRA Income & Expenditure Statement		(8,968)	
4,264	Adjustment between accounting basis and funding basis under statute		6,004	
(2,290)	Transfer to earmarked reserves	13	164	
(5,525)	(Increase)/Decrease in year on the HRA			(2,800)
(25,344)	**Balance on the HRA at the end of the year**			**(28,144)**

HRA 1. Gross Rent Income

Dwelling rents as shown on the HRA Income and Expenditure Statement is the total rent income due, excluding service charges and after an allowance is made for voids etc. During the year 1.31% of let-able properties were vacant (in 2020/21 figure was 0.93%). Average rents (52 weeks basis) - excluding service charges - were £100.24 a week in 2021/22 (£98.75 in 2020/21).

HRA 2. Rent and Supported Housing Payment Arrears

During the year 2021/22 rent arrears as a proportion of gross rent income were 5.38% (4.83% in 2020/21).

The bad debts provision stood at £1,426,940 at 31 March 2022 (£1,138,214 at 31 March 2021).

2020/21 £'000		2021/22 £'000
2,138	Arrears at 31 March	2,411
18	Amounts written off during the year	10

HRA 3. Housing Stock Numbers

The stock movement can be summarised as follows:-

2020/21 No.		2021/22 No.
7,994	Stock as at 1st April	7,974
(25)	Right to Buy Sales	(40)
9	New Build acquisitions	27
-	Demolitions	(10)
(4)	Conversions/other	7
7,974	**Stock at 31st March**	**7,958**
5,118	Houses	5,091
2,856	Flats	2,867
7,974	**Total**	**7,958**

The stock numbers disclosed above are properties that are in management and available to let.

HRA 4. Non-Current Asset Valuations

Housing Stock

The total balance sheet value (£'000's) of the dwellings within the HRA can be summarised as follows:-

	£'000's
As at 31 March 2021	659,716
As at 31 March 2022	**680,459**
The Vacant Possession value of the dwellings as at 31 March 2022 was	1,793,015

The valuation of the dwellings in the Balance Sheet is on the basis of fair value, which is the market value on the assumption that the property is sold as part of the continuing enterprise in occupation. The difference between the Balance Sheet valuation and the higher valuation on the basis of Vacant Possession shows the economic cost of providing Council housing at less than open market rents.

Other noncurrent assets held by the HRA are detailed below:

31-Mar-21 £'000's		31-Mar-22 £'000's
10,413	Assets Under construction	19,782
1,063	Vehicles Plant & Equipment	1,068
11,476	**Total**	**20,850**

HRA 5. Major Repairs Reserve (MRR)

2020/21 £'000	2020/21 £'000		2021/22 £'000	2021/22 £'000
	(4,746)	**Opening Balance as at 1st April**		**(14,371)**
		Transfers to the MRR -		
(11,433)		Depreciation of HRA Dwellings	(11,947)	
(518)		Depreciation of other HRA Assets	(386)	
	(11,951)			(12,333)
		Transfers from MRR -		
	2,327	Financing of HRA Capital Expenditure		3,830
	(14,371)	**Closing Balance as at 31 March**		**(22,874)**

HRA 6. Capital Expenditure, Financing & Receipts

2020/21 £'000		2021/22 £'000
	Capital Expenditure	
15,762	Major Repairs & Improvements	20,922
2,859	New Council Housing	2,522
860	Disabled Adaptations	841
413	Equipment	434
7,086	Assets under construction	12,008
26,980		**36,727**
	The Capital Expenditure was financed as follows:	
1,389	Capital Receipts	1,547
1,996	Retained 1 for1 receipts	4,404
2,328	Major Repairs Reserve	3,825
409	Contributions	1,955
20,858	New Borrowing	24,996
26,980		**36,727**

Total Capital Receipts in 2020/21 from the sale of property within the HRA can be summarised as follows :-

2020/21 £'000		2021/22 £'000
(4,195)	Right to Buy Sales	(6,404)
-	Right to Buy Mortgage Repayments	-
(1,877)	Other Land & Property *	(321)
(6,072)		**(6,725)**

*Includes repayment of Right to Buy discounts

Collection Fund Statement

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities (Stevenage Borough Council) to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection of council tax from taxpayers and distribution to Hertfordshire County Council and Hertfordshire Police and the collection of NDR from businesses and distribution to the Government and Hertfordshire County Council.

2020/21 Council Tax £000	2020/21 Business Rates £000	2020/21 Total £000		2021/22 Council Tax £000	2021/22 Business Rates £000	2021/22 Total £000
			Income			
(51,312)		(51,312)	Council Tax Receivable	(53,740)		(53,740)
		-	Council Tax Benefits			0
	(25,965)	(25,965)	Business Rates Receivable		(39,036)	(39,036)
	1,129	1,129	Transitional Payment Protection receivable		455	455
(51,312)	**(24,836)**	**(76,148)**	**Total income**	**(53,740)**	**(38,581)**	**(92,321)**
			Expenditure			
			Precepts, Demands and Shares			
39,287	4,569	43,856	Hertfordshire County Council	40,786	4,546	45,332
5,501		5,501	Hertfordshire Police Authority	5,907		5,907
5,989	**18,276**	**24,265**	**Stevenage Borough Council**	**6,117**	**18,185**	**24,302**
	22,845	22,845	Central Government		22,732	22,732
			Charges to Collection Fund			
	108	108	Costs of collection		107	107
68	(2)	66	Write offs of uncollectable amounts	121	260	381
209	465	674	Increase/(decrease) for impairment	355	(139)	216
	1,967	1,967	Increase/(decrease) in provision for appeals		(218)	(218)
			Contribution in regard to previous year deficit/surplus			
434	22	456	Hertfordshire County Council	263	(1,175)	(912)
60		60	Hertfordshire Police Authority	37		37
67	**-**	**67**	**Stevenage Borough Council**	**40**	**(7,632)**	**(7,592)**
	(14)	(14)	Central Government		(9,980)	(9,980)
51,615	**48,236**	**99,851**	**Total expenditure**	**53,626**	**26,686**	**80,312**
303	**23,400**	**23,703**	**Movement on fund balance (deficit/(surplus))**	**(114)**	**(11,895)**	**(12,009)**
(902)	**(2,354)**	**(3,256)**	**Balance at beginning of year**	**(599)**	**21,046**	**20,447**
(599)	**21,046**	**20,447**	**Balance at end of year**	**(713)**	**9,151**	**8,438**

CF 1. Council Tax

Council tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands estimating 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Hertfordshire County Council, Hertfordshire Police Authority and the Stevenage Borough Council for the forthcoming year and dividing this by the council tax base (the total number of properties in each band adjusted by a proportion to convert the number to a Band D property equivalent and adjusted for discounts. In 2013/14 the local council tax support scheme was introduced and the band D equivalents was reduced to take into account the loss of income; (27,733.80 for 2021/22, 27,780.70 for 2020/21). The basic amount of council tax for a band D property £1,904.20 for 2021/22 (£1,827.77 for 2020/21) is multiplied by the proportion specified for the particular band to give an individual amount due.

Band	**A (Disbld.)**	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**TOTAL**
Properties	0	1,668.45	6,750.60	21,632.66	3,304.66	3,176.00	929.66	432	15	37,909.03
Exemptions	0	-49	-152	-199	-21	-28	-11	-3	-5	-468
Disabled Relief	2	6	83	-80	16	-22	3	-6	-2	0
Discounts (25%)	1	1,147.82	4,049.15	6,272.54	791.6	549	129.79	57	0	12,997.90
Discounts (50%)	0	1	7	14	0	4	5	7	5	43
Council Tax Support Scheme	0.49	366.83	1,256.88	2,117.83	197.08	52.06	12.44	3.59	0	4,007.20
Empty Homes Premium	0	3	14	17	0	3	2	0	0	39
Effective Properties	1.26	972.67	4,415.93	17,669.20	2,904.68	2,936.19	875.27	401.66	5.50	30,182.36
Proportions	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Band D Equivalents	0.70	648.44	3,434.61	15,705.95	2,904.68	3,588.68	1,264.29	669.44	11.00	28,227.79
Council Tax Base	**Band D equivalent multiplied by collection rate of 98.25%**									**27,733.8**

The income chargeable of £66,217,290 in 2021/22 is from the following sources:

2020/21		2021/22
£50,702,918	Billed to Council Tax Payers	£53,565,945
£6,552,761	Local Council Tax Scheme	£6,047,385
£6,261,731	Exemptions, Discounts, etc.	£6,603,960
£63,517,410		£66,217,290

CF 2. Non-Domestic Rates (NDR)

The Government specified a multiplier of 51.2p in 2021/22 (51.2p in 2020/21) by which local businesses pay rates calculated by multiplying their rateable value by this amount (subject to the effects of transitional arrangements). The equivalent amount for small businesses was 49.9p in 2021/22 (49.9p in 2020/21). The rateable value for the Council's area is £107,093,157 at 31 March 2022 (£107,770,217 at 31 March 2021). The rateable value changes throughout the year due to increases and decreases in assessments.

In 2013/14 the business rate retention scheme was introduced by the Local Government Finance Act 2012. This scheme enables local authorities to retain a proportion of the business rates generated in their areas. Income generated by business rates is shared between the billing authority (Stevenage Borough Council), Central Government, and Hertfordshire County Council as shown in the Collection Fund Statement below. Liabilities and provisions arising from the NDR collection fund are also shared between the three and recognised in their accounts.

CF 3. Allocation of Collection Fund (surpluses)/deficits

The Council Tax surplus is allocated in proportion to the respective precepts, whereas the NDR surplus is allocated on fixed apportionment of Central Government 50%, Stevenage BC 40%, and Hertfordshire County Council 10%.

2020/21 Council Tax £000	2020/21 Business Rates £000	2020/21 Total £000		2021/22 Council Tax £000	2021/22 Business Rates £000	2021/22 Total £000
(463)	1,400	937	Hertfordshire County Council	(550)	915	365
(66)	0	(66)	Hertfordshire Police Authority	(80)	0	(80)
(70)	8,536	8,466	**Stevenage Borough Council**	(82)	3,660	3,578
0	11,110	11,110	Central Government	0	4,575	4,575
(599)	**21,046**	**20,447**		**(712)**	**9,150**	**8,438**

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Accounts 2021/22

These Group Accounts include the consolidation of:

Queensway Properties (Stevenage) LLP - Company number: OC424782

The Members of Queensway Properties (Stevenage) LLP have taken the exemption from having an audit of its financial statements for the year ended 31 March 2022. This exemption is taken in accordance with Companies Act Section 477.

The Partnership members are Stevenage Borough Council (99.9% share) and Marshgate Ltd (0.1%share).

Stevenage Borough Council also has a 100% holding of

Marshgate Ltd - Company number: 11649451

The Members of Marshgate Ltd have taken the exemption from having an audit of its financial statements for the year ended 31 March 2022. This exemption is taken in accordance with Companies Act Section 477.

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Group Accounts - Introduction

To provide a full picture of the economic and financial activities of the Council and its exposure to risk the accounting statement s of a material subsidiary are consolidated with the Council's accounts. They include the core accounting statements (movement in reserves statement. comprehensive income and expenditure statement, balance sheet and cash flow statement) presented in a similar manner to the Council's accounts. Further explanatory notes are given and these should be read in conjunction with the Council's (single entity) accounts.

Group accounts has been prepared under the requirement of the Code of Practice on Local Authority Accounting, consolidating and material subsidiary, associate or joint venture entities which the Council exercises control or influence (See also note 55 Related Party Transactions).

On 7 November 2018 Stevenage BC formed a limited Liability Partnership called Queensway Properties (Stevenage) LLP (further referred to as Queensway LLP). The Council holds 99.9% of the partnership with the remaining 0.1% held by Marshgate Ltd, a company wholly owned by Stevenage Borough Council (incorporated on 30 October 2018). The purpose for establishing Queensway LLP was to facilitate the regeneration of 85-100 Queensway and 24-26 The Forum, a large element of the new town centre. The Council has entered into a partnership with REEF and Aviva (the funding partner) to deliver a mixed use redevelopment of the site including commercial, residential, and leisure uses. The Council has taken the head lease of the property from Aviva and sublet to Queensway LLP over a 37 year period.

During the year Marshgate Ltd, the council's wholly owned housing company, using financing from Stevenage Borough Council, purchased four dwellings on the open market and entered into an understanding to purchase a further re-development site in order to provide good quality local housing both through the HRA and for the open market.

Group Accounts – Movement in Reserves Statement

Movements in Reserves during 2021/22

	Council's Usable Reserves	Subsidiary Usable Reserves	Total Group Usable Reserves	Council's Unusable Reserves	Subsidiary Unusable Reserves	Total Group Unusable Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2021 Brought Forward	**(80,443)**	**1,730**	**(78,713)**	**(514,584)**	**2,523**	**(512,061)**	**(590,774)**
(Surplus)/Deficit on Provision of Services	(11,177)	637	**(10,540)**	-	526	**526**	**(10,014)**
Other Comprehensive Expenditure and Income	-	-	**-**	(19,430)		**(19,430)**	**(19,430)**
Total Comprehensive Expenditure and Income	**(11,177)**	**637**	**(10,540)**	**(19,430)**	**526**	**(18,902)**	**(29,444)**
Adjustments between Accounting Basis and Funding Basis under Regulations	(2,930)	-	**(2,930)**	2,930		**2,930**	**-**
Net (Increase)/Decrease before Transfers to Reserves	**(14,108)**	**637**	**(13,471)**	**(16,500)**	**526**	**(15,972)**	**(29,444)**
Transfer to/from Reserves	-		**-**	-		**-**	**-**
(Increase)/Decrease in Year 2019/2020	**(14,108)**	**637**	**(13,471)**	**(16,500)**	**526**	**(15,972)**	**(29,444)**
	-						
Balance at 31 March 2022 Carried Forward	**(94,551)**	**2,367**	**(92,184)**	**(531,083)**	**3,049**	**(528,034)**	**(620,218)**

Movements in Reserves during 2020/2021

	Council's Usable Reserves	Subsidiary Usable Reserves	Total Group Usable Reserves	Council's Unusable Reserves	Subsidiary Unusable Reserves	Total Group Unusable Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2020 Brought Forward	**(59,297)**	**1,350**	**(57,947)**	**(514,897)**	**142**	**(514,755)**	**(572,702)**
Surplus/Deficit on Provision of Services	(14,884)	380	**(14,504)**	-	2,381	**2,381**	**(12,123)**
Other Comprehensive Income and Expenditure	-	-	**-**	(5,949)		**(5,949)**	**(5,949)**
Total Comprehensive Expenditure and Income	**(14,884)**	**380**	**(14,504)**	**(5,949)**	**2,381**	**(3,567)**	**(18,072)**
Adjustments between Accounting Basis and Funding Basis under Regulations	(6,261)	-	**(6,261)**	6,261		**6,261**	**-**
Net (Increase)/Decrease before Transfers to Reserves	**(21,146)**	**380**	**(20,766)**	**313**	**2,381**	**2,695**	**(18,072)**
Transfer to/from Reserves	-		**-**	-		**-**	**-**
(Increase)/Decrease in Year 2020/2021	**(21,146)**	**380**	**(20,766)**	**313**	**2,381**	**2,695**	**(18,072)**
Balance at 31 March 2021 Carried Forward	**(80,443)**	**1,730**	**(78,713)**	**(514,584)**	**2,523**	**(512,061)**	**(590,774)**

Group Accounts – Comprehensive Income & Expenditure Statement

2020/21				2021/22		
Gross Expenditure £'000	**Gross Income £'000**	**Net Expenditure £'000**	**Comprehensive Income and Expenditure Statement**	**Gross Expenditure £'000**	**Gross Income £'000**	**Net Expenditure £'000**
2,066	(711)	1,355	Community Services	6,072	(1,421)	4,651
27,898	(24,676)	3,222	Housing Services	27,187	(24,062)	3,125
14,985	(5,013)	9,972	Environmental Services	19,778	(7,916)	11,862
107	0	107	Local Community Budgets	61	0	61
9,751	(5,567)	4,184	Resources	9,220	(8,543)	677
2,644	(2,037)	607	Resources - Support	5,579	(2,775)	2,804
33,293	(43,761)	(10,468)	Housing Revenue Account	34,894	(44,602)	(9,708)
2,977	(418)	2,559	Queensway Properties LLP and Marshgate Ltd	1,323	(744)	579
93,721	**(82,183)**	**11,538**	**Cost of Services**	**104,114**	**(90,063)**	**14,051**
		(3,437)	Other Operational Expenditure			(8,934)
		7,081	Financing & Investment Income and Expenditure			5,979
		(9,257)	Taxation & Non-Specific Grant Income: Retained Business rates			(15,700)
		4,953	Taxation & Non-Specific Grant Income: NNDR expenditure (tariff to DCLG)			15,927
		(23,001)	Taxation & Non-Specific Grant Income: Other			(21,337)
		(12,123)	**Deficit/(surplus) on Provision of Services**			**(10,014)**
		(27,758)	Deficit/(Surplus) on revaluation of Property, Plant and Equipment assets		(9,267)	
		21,809	Actuarial (gains)/losses on pension assets/liabilities		(10,163)	
		(5,949)	**Other Comprehensive Income and Expenditure**			**(19,430)**
		(18,072)	**Total Comprehensive Income and Expenditure**			**(29,444)**

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Group Accounts – Group Balance Sheet

31/03/2021			31/03/2022	
£'000		**Note**	**£'000**	**£'000**
823,320	Total Property, Plant & Equipment		853,105	
521	Heritage Assets		483	
23,703	Investment property		25,410	
862	Intangible Assets		819	
2,310	Long Term Investment		7,310	
267	Long Term Debtors		266	
850,983	**Total Long Term Assets**			**887,393**
45,860	Short Term Investments		55,133	
1,328	Assets Held for Sale		2,682	
145	Inventories		213	
17,502	Short Term Debtors	G3	9,425	
21,148	Cash and Cash Equivalents		19,396	
85,983	**Current Assets**			**86,849**
(462)	Short Term Borrowing		(590)	
(32,708)	Short Term Creditors	G4	(37,121)	
(8,265)	Provisions		(7,249)	
(41,435)	**Current Liabilities**			**(44,960)**
(11,125)	Queensway Finance Lease	G2	(10,946)	
(6,082)	Long term creditors		(6,174)	
(218,705)	Long term borrowing		(227,487)	
(6,038)	Long term borrowing (Queensway)		(5,973)	
(62,434)	Pension Liability		(57,946)	
(373)	Grants Receipts in Adv - Capital		(538)	
(304,758)	**Long Term Liabilities**			**(309,064)**
590,774	**Net Assets**			**620,218**
(78,713)	Total Usable Reserves			(92,184)
(512,061)	Unusable Reserves			(528,034)
(590,774)	**Total Reserves**			**(620,218)**

These financial statements are authorised by Clare Fletcher – Strategic Director (Chief Financial Officer) on 12 February 2024.

CD Fletcher

Clare Fletcher

Group Accounts – Cash Flow Statement

2020/21	Cash Flow Statement	2021/22
£'000		£'000
(12,123)	Net (Surplus) or Deficit on the Provision of Services	(10,014)
(32,249)	Adjustments to Net (Surplus) or Deficit on the provision of Services for Non-Cash Movements	(33,245)
19,655	Adjustments for items in the Net (Surplus) or Deficit on the Provision of Services that are Investing or Financing Activities	28,026
(24,717)	**Net cash flows from Operating Activities**	**(15,233)**
23,330	Investing Activities	25,649
(8,888)	Financing Activities	(8,665)
(10,275)	**Net (Increase) or Decrease in Cash and Cash Equivalents**	**1,752**
10,873	Cash and cash equivalents at the beginning of the period	21,148
21,148	**Cash and Cash Equivalents at the End of Period**	**19,396**

Group Accounts - Notes to the Group Accounts

The following notes are given below on areas that have materially changed in consolidating the accounts.

G1. Accounting Policies

The Council has reviewed the accounting policies applied to Queensway LLP and Marshgate Ltd has concluded that there is no material adjustments required to align accounting policies of both entities.

The accounts for both subsidiaries have been consolidated with those of the Council on a line by line basis and any balances and/or transactions between the parties have been eliminated in full in both the Comprehensive Income and Expenditure account and Balance sheet.

G2. Leases and Long Term Debt

Stevenage Borough Council has entered into a 37 year lease with Aviva, for properties 85 Queensway and 89-103 Queensway and 24-26 The Forum, Stevenage. The Council has in turn leased these properties to Queensway Properties LLP Hertfordshire under the same terms and conditions.

Upon consolidation these related balances – Long Term Debtor – Queensway of £17,633k and the equivalent finance lease costs of £17,633k – split between long and short term creditors in the accounts of Queensway LLP have been eliminated. More details on the Aviva lease can be found in Note 21.

During 2021/22, Marshgate Ltd borrowed £11.446Million from Stevenage Borough Council (Long Term Debtor see note 24), to invest in housing within the borough. Upon consolidation this loan and the long term borrowing within the Marshgate Ltd accounts has been eliminated.

G3. Group short term Debtors

31-Mar-21 £'000		31-Mar-22 £'000
1,515	Central Government Bodies	393
196	Other Local Authorities	394
1,169	Housing Rents & Leaseholders	1,523
14,622	Other Debtors	7,115
17,502	**Total**	**9,425**

G4. Group short term Creditors

31-Mar-21 £'000	**Creditors:**	31-Mar-22 £'000
9,583	Central Government Bodies	11,252
580	Other Local Authorities	379
746	Accumulated leave	715
11,389	Other Entities & Individuals	15,125
10,410	Receipts in Advance	9,650
32,708	**Total Creditors**	**37,121**

G5. Subsidiaries Summary Profit and Loss Account

The following is summarised financial information for Queensway LLP (QLLP) and Marshgate Ltd (MG).

2020/21 QLLP Net Expenditure £'000	2020/21 MG Net Expenditure £'000		2021/22 QLLP Net Expenditure £'000	2021/22 MG Net Expenditure £'000
(419)	-	Turnover	(744)	-
160	-	Cost of Sales	401	-
(259)	**-**	**Gross (Profit)/loss**	**(343)**	**-**
436	-	Other operational costs	403	12
2,381	-	Revaluation deficit on assets	526	-
2,558	**-**	**Net Cost of Sales as included in the Group CIES**	**586**	**12**
202	-	Financing costs	589	-
2,760	**-**	**Net (Profit)/loss for the period**	**1,175**	**12**

G6. Subsidiaries Summary Balance Sheet

QLLP 31-Mar-21 £'000	MG 31-Mar-21 £'000			QLLP 31-Mar-22 £'000	MG 31-Mar-22 £'000
9,352	-	Land & Buildings		8,873	-
-	-	Long Term Debtor		-	491
9,352	-	**Total Long Term Assets**		**8,873**	**491**
337	-	Short Term Debtors	G7	382	-
-	-	Stock and WIP		-	973
3,644	-	Cash and Cash Equivalents		3,323	9,716
3,981	**-**	**Current Assets**		**3,705**	**10,689**
(423)	-	Creditors due in less than one year	G7	(1,076)	(12)
(423)	**-**	**Current Liabilities**		**(1,076)**	**(12)**
(11,125)	-	Finance Lease		(10,946)	-
(6,038)	-	Long term Borrowing		(5,972)	(11,179)
(17,163)	**-**	**Long Term Liabilities**		**(16,918)**	**(11,179)**
(4,253)	**-**	**Net Assets**		**(5,416)**	**(12)**
379	-	Profit and Loss account / Useable reserves		649	12
1,351	-	Partnership funds bfwd		1,718	-
2,523	-	Revaluation Reserve		3,049	-
4,253	**-**	**Total Partnership Funds**		**5,416**	**12**

G7. Subsidiaries Short Term Debtors and Creditors

In the group accounts the transactions between the Council and Queensway LLP are eliminated.

QLLP 31-Mar-21 £'000	Debtors	QLLP 31-Mar-22 £'000
206	Stevenage Borough Council	-
64	Trade Debtors	382
67	Other Debtors	-
337	**Total**	382

QLLP 31-Mar-21 £'000	Creditors	QLLP 31-Mar-22 £'000
(347)	Stevenage Borough Council	(636)
(76)	Other Creditors	(440)
(423)	**Total**	(1,076)

Marshgate Ltd had one short term creditor of £12,000 due from Stevenage Borough Council.

Glossary of Terms

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
The actuarial assumptions have changed

Agency Services
Services which are provided by the Council for another Local Authority or public body and the principal (the authority responsible for the service) reimburses the agent (the authority doing the work) for the cost of the work carried out.

Amortisation
The measure of the cost or revalued amount of benefits of the intangible non-current asset that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a non-current asset whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

Appointed Auditors
Independent external auditors, that provide an audit opinion as to whether the Statement of Accounts shown are true and fair.

Balances
In general, the surplus or deficit on any account at the end of the financial year. Often used to refer to an available surplus, which has accumulated over a number of past years.

Budget
A statement defining in financial terms, the Council's policies over a specified period of time.
Original Budget the estimate for a financial year approved by the Council before the start of the financial year.
Working Budget – an updated revision of the original budget for the financial year approved at Executive Meetings and/or Council Meetings throughout the year

Capital Expenditure
Expenditure on the acquisition of assets or works which have a long term value to the Council, either directly by the Council or indirectly in the form of grants to other persons or bodies. Expenditure which does not fall within this definition must be charged to a revenue account.

Capital Receipts
The proceeds from the disposal of land or other assets which can be used to finance new capital expenditure (but not revenue spending). The Local Government Act 2003 introduced new provisions whereby a proportion of local authority housing capital receipts must be paid into the Government's National Pool (75% for Council houses and 50% for HRA land). This was amended for HRA receipts with changed with regard to the provision for new social housing ("one for one" receipts) and debt provision in 2012 following self-financing.

Capital Financing Costs
A charge to services to reflect the cost of assets used in the provision of the service.

Code of Practice
Code of Practice on Local Authority Accounting sets out the arrangements required to be followed in the Statement of Accounts. It constitutes 'proper accounting practice' and is recognised as such by statute.

Community Infrastructure Levy
The Community Infrastructure Levy (CIL) is a planning charge, introduced by the Planning Act 2008, as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area. The Levy was ratified on 29th February 2012 and applies to developments agreed after 1st April 2012.

CIPFA
Chartered Institute of Public Finance and Accountancy. The principal accounting body dealing with local government finance.

Collection Fund

Every billing authority (District/Borough Council) is required to maintain a Collection Fund into which is paid the Council Tax and National Non-Domestic Rates collected from the tax/rate payers. Payments are made from the Fund to the precepting authorities (County Council, Police Authority and District/Borough Council) whilst National Non-Domestic Rates income is passed to the Government.

Community Assets
Assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. An example of a community asset would be parks.

Contingent Asset
A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain events not wholly within the Council's control.

Contingent Liability
A contingent liability is a possible liability arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain events not wholly within the local authority's control.

Council Tax
The property based tax by which Local Authorities and Police Authorities, raise revenue from the local community. All domestic properties have been valued and placed within eight bandings to which is applied the local rate assessed by the relevant authorities. A discount on charges is applied where dwellings are occupied by only one adult. Rebates are available to those Council Tax payers meeting the Government's criteria.

Debt Charges

The repayment of money borrowed from a third party. These payments usually include repayment of part of the loan as well as interest. Also known as capital financing costs or loan charges.

Defined Benefit Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Depreciation

The measure of the cost or revalued amount of benefits of the non-current asset that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a non-current asset whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

Earmarked Reserve

These are funds that are set aside for a specific purpose, or a particular service, or type of service. Stevenage Borough Council refers to these as “allocated reserves” in budget reports.

Exceptional Items

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

Extraordinary Items

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur. They do not include exceptional items nor do they include prior period items merely because they relate to a prior period.

Fees and Charges

Income arising from the provision of services e.g. parking facilities, planning applications.

General Fund

The main revenue fund of the Council. Day to day spending on services is met from this fund. Spending on the provision of Council housing, however, must be charged to the separate Housing Revenue Account.

Going Concern

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

Government Grants

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

Heritage Assets

Assets that are held and maintained principally for their contribution to knowledge and culture and are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations.

Housing Revenue Account (HRA)
A separate account dealing with expenditure and income arising from the letting of Council dwellings. Expenditure includes supervision and management costs, repairs and capital financing charges. Income includes rent, Government subsidies and investment interest. It is a “ring fenced” (i.e. the transfer of amounts between the HRA and the General Fund is restricted by legislation).

Impairment
A reduction in the value of a non-current asset below its carrying amount on the Balance Sheet.

Infrastructure Assets
Expenditure on assets whose value is recoverable, e.g. roads footpaths, and bridges.

Interest on Balances and from Investments
The interest earned by investing the day to day surplus on the authority’s cash flow and balances in hand.

Non Domestic Rates (NDR)
A levy on businesses based on a notional rate in the pound (multiplier) set by Central Government and multiplied by the ‘rateable value’ (RV) of the premises they occupy. The amount depends on the RV assigned to the property by the District Valuer and the multiplier, which is uniform across the whole country.
The government compensates the council through a S31 grant for additional NDR reliefs announced in recent budgets

Net Book Value
The amount at which non-current assets are included in the balance sheet. This would be either the asset’s historic cost or current value less the cumulative amount provided for depreciation. It does not represent the sale value.

Overheads
Administration costs e.g. finance, personnel, information technology together with other central costs which cannot be allocated direct to services such as general expenses.

Precepts
Sums levied by District/Borough, County and Parish Councils and Police Authorities on the Collection Funds of billing authorities (Districts and Boroughs) and forming part of the overall demand for Council Tax.

Public Works Loan Board (PWLB)
A government agency established to provide long-term loans to local authorities to finance part of their capital expenditure.

Rateable Value

A value on all non-domestic properties subject to Non-Domestic Rates (NDR). The value is based on a notional rent that the property could be expected to yield and revaluations take place every five years.

Related Parties

For a relationship to be treated as a related party relationship there has to be some element of control or influence by one party over another, or by a third party over the two parties.

Revenue Contributions to Capital Outlay

Contributions from revenue to finance capital expenditure.

Revenue Expenditure

The day to day running costs incurred by the Council in providing its services.

Retrospective Restatement

Retrospective restatement of the financial statements will occur where there has been a change in accounting policy (unless there are specific transitional arrangements) or where material Prior Period errors have been identified. Correcting the recognition, measurement and disclosure amounts of elements of the financial statements as if a prior period error had never accorded. This is achieved by restating the comparative amounts for prior period(s) presenter in which the error occurred or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net worth for the earliest prior period presented.

Surplus

An excess of income over expenditure (or assets over liabilities).

Report of the External Auditors

To follow

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Part I – Release to Press

Meeting:	**Audit Committee**	**Agenda Item:**
Portfolio Area:	All	
Date:	**7 June 2022**	

2021/22 Annual Governance Statement and Local Code of Corporate Governance

Author – Suzanne Brightwell, ext 2966

Contributors – All Assistant Directors, Simon Martin (Shared Internal Audit Service)

Lead Officer – Clare Fletcher, ext 2933

Contact Officer – Suzanne Brightwell, ext 2966

1. PURPOSE

1.1. To advise Members of the Audit Committee on the content of the Council's Annual Governance Statement for 2021/22 and approve the changes to the Council's Local Code of Corporate Governance.

2. RECOMMENDATIONS

2.1. That Members of the Audit Committee approve the changes to the Council's Local Code of Corporate Governance (Appendix One).

2.2. That Members of the Audit Committee recommend the Council's 2021/22 Annual Governance Statement (Appendix Two), for approval by the Statement of Accounts Committee.

3. BACKGROUND

3.1 <u>CIPFA/SOLACE Framework and Guidance</u>

3.1.1 In 2006, CIPFA/SOLACE produced a publication called Delivering Good Governance in Local Government: Framework and Guidance. In April 2016, CIPFA/SOLACE published a reviewed Framework and Guidance that reflects the International Framework: 'Good Governance in the Public Sector'. The purpose of the Framework is to support each local authority in developing and shaping an informed approach to governance, aimed at achieving the highest standards of governance in a measured and proportionate way.

3.1.2 The 2016 CIPFA/SOLACE Framework identifies seven core principles:

A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law

B: Ensuring openness and comprehensive stakeholder engagement

(Principles A and B are considered fundamental and applicable through principles C to G)

C: Defining outcomes in terms of sustainable economic, social and environmental benefits

D: Determining the interventions necessary to optimise the achievement of intended outcomes

E: Developing the entity's capacity, including the capability of its leadership and the individuals within it.

F: Managing risks and performance through robust internal control and strong public financial management

G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

3.2 Local Code of Corporate Governance

3.2.1 The Local Code of Corporate Governance is a public statement of the ways in which the Council achieves good corporate governance. This is based on the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government: Framework (2016)' and focusses on the above mentioned seven core principles.

3.2.2 The arrangements set out in the Local Code of Corporate Governance and the Annual Governance Statement will allow the Council to move ahead with its corporate planning process confident that it can address the issues for governance and risk.

3.2.3 Within Stevenage Borough Council, Corporate Governance operates to:

- Establish and monitor the Council's vision and objectives
- Facilitate policy and decision making
- Ensure compliance with policies, procedures, laws and regulations
- Ensure the economic, efficient use of resources and secure continuous improvement
- Support delivery of high quality services and effective performance management
- Identify and manage the Council's risks.

3.2.4 The Council's Local Code of Corporate Governance was last reported to this Committee on 8th June 2021. The code has been reviewed and is attached at

Appendix A. The changes made as a result of this year's review are summarised in the table below.

Principle	Change
Principle A	Addition of reference to new Fraud Sanctions Policy which was approved by Audit Committee in November 2021.
Principle B	Added reference to the Social Value Portal which is now being used to monitor, measure and manage the tendering and delivery of social value through contracts and other business-related activities
Principle B	Reflect that Council, Executive and Overview and Scrutiny meetings continue to be recorded and are available via You Tube which means that members and the public can view meetings at a time convenient to them.
Principle C	Added reference to the Council's new EDI Policy and that an agreed set of objectives to promote equality, diversity and inclusion across the Council's services, communities and workforce over the next four years have been agreed.
Principle C	Changed Leaders Financial Security Group to be Leader's Making Your Money Count Group
Principle D	Deletion of reference to the Housing Management Board. A review of resident involvement has been carried out and new arrangements will be implemented in 2022/23.
Principle F	Added a reference advising that the Council now has a Senior Information Risk Officer. This is a senior officer with individual responsibility for managing departmental information risks.

3.4 Annual Governance Statement

3.4.1 The Annual Governance Statement, at Appendix Two, is a statutory document which explains the processes and procedures in place to enable the Council to carry out its functions effectively. The statement is produced annually following a review of the Council's governance arrangements and includes an action plan to address any significant governance issues identified.

3.4.2 The Accounts and Audit Regulations 2015 require publication on the Council's website of the Draft Statement of Accounts and Annual Governance Statement by 31st May and publication of the approved Statement of Accounts and Annual Governance Statement by 31st July.

3.4.3 However, there are currently delays in audits nationally. To reflect this, the government has extended the statutory deadline for publishing audited local authority accounts to 30th September from 31st July from 2020/21 for 2 years.

3.4.4 Due to this extended timeline there may need to be further revisions to the Annual Governance Statement, to reflect any significant governance updates between now and the date of approval of the Statement of Accounts. These changes will be reported to the Audit Committee which will meet prior to the Statement of Accounts Committee.

3.4.5 The Council has an agreed local framework for compiling the Annual Governance Statement. Arrangements for governance in 2021/22 have been reviewed in accordance with this local framework, as outlined below:

- Review existing governance arrangements against the CIPFA/SOLACE Framework.
- Update the Council's Local Code of Governance in accordance with this review.
- Identify systems, processes and documentation that provide evidence of compliance.
- Identify the actions which are required to enhance the Council's governance arrangements.
- Prepare the 2021/22 Annual Governance Statement.
- Consideration of Annual Governance Statement by senior management prior to consideration by Audit Committee. The Annual Governance Statement was considered at the Senior Leadership Team meeting on 17th May 2022.
- In year monitoring of the Council's status of corporate governance carried out by Corporate Governance Group which is chaired by the Strategic Director (Chief Finance Officer).

3.4.6 Actions to enhance governance arrangements as a result of the above review were reported to Audit Committee at its meeting on 28th March 2022.

3.4.7 The actions included in the Annual Governance Statement relate to improvement actions identified by the Shared Internal Audit Service via high audit recommendations or action to manage very high/high level strategic risks. By adopting this approach, any concerns over key controls that have a material effect on corporate governance arrangements and associated delivery of priority outcomes should be addressed.

3.4.8 Actions included in the Annual Governance Statement for 2021/22 are:

- Implementation of a Corporate Landlord function to ensure the effective management of the Council's assets.
- To review the Council's finances to ensure the Council has sufficient resources to fund its medium and long term service plans and corporate priorities.
- Delivery of the Council's Co-operative Commercial and Insourcing Strategy and Action Plan to ensure that the Council's Making Your Money Count targets can be met.

- Activity to ensure that the impact on the Council's finances of the Covid-19 pandemic are reflected in the Council's Medium Term Financial Strategies and HRA Business Plan and implement the town wide Covid Recovery Plan.

- Activity to ensure the Council can deliver new Council homes as programmed and continue to ensure good governance of the Housing Development programme.

- Continue with Community Wealth Building and other social value initiatives, complete the review of the Arrears Action Plan, and continue to work with Stevenage Together in response to the socio-economic impact of welfare reform, the Covid-19 pandemic, the economic downturn and the recent rise in the cost of living.

- Continue to work with the Council's leisure contractor to ensure the recovery of leisure services from the Covid-19 pandemic and carry out the procurement process for a new leisure service provider from April 2023.

- To continue to implement a programme of activity to enhance the Council's IT infrastructure, cyber security, IT governance arrangements, policy framework and resilience.

- Continue to monitor and further enhance health and safety arrangements to ensure health and safety compliance across the organisation.

- A programme of work to reduce the backlog in repairs due to the impact of the Covid-19 pandemic and damage to properties caused by the recent storms.

3.4.9 Corporate Governance Group will monitor the delivery of governance actions, including the actions mentioned above.

3.4.10 The signatories to the Annual Governance Statement (The Leader of the Council and the Chief Executive) must be satisfied that the Council's governance arrangements continue to be fit for purpose and that significant actions identified to enhance governance arrangements are being addressed.

3.5 <u>Corporate Backbone</u>

3.5.1 The Council's corporate governance arrangements are evidenced by a number of policies, plans, processes and monitoring arrangements which are referred to as 'The Corporate Backbone' of the Council. The Corporate Backbone is attached at Appendix Three for reference.

3.6 <u>2021/22 Audit Opinion</u>

3.6.1 The Shared Internal Audit Service (SIAS) has assigned 'Reasonable' assurance for both financial systems and non-financial systems for 2021/22: meaning "there is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

3.7 Service Assurance Statements

3.7.1 All Assistant Directors have completed a Service Assurance Statement. The Service Assurance Statement provides assurance that governance arrangements operated effectively during 2021/22 in respect of the business units for which the Assistant Director has responsibility. Actions which have been identified to improve governance arrangements in business units will be monitored by Corporate Governance Group throughout the year.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 The Council's Local Code of Corporate Governance (Appendix One) has been updated to reflect changes to the Council's governance arrangements since its last review in June 2021 and Audit Committee is required to agree the revised Local Code of Corporate Governance.

4.2 The Annual Governance Statement (Appendix Two) must be considered by the Audit Committee before accompanying the Statement of Accounts.

4.3 The Annual Governance Statement is intended to provide public assurance that the Council has sound governance arrangements, including a sound system of internal control, designed to help manage and control business risk. The document is an important public expression of the arrangements the Council applies to achieve good business practice, high standards of conduct and sound governance.

5. IMPLICATIONS

5.1 Financial Implications

5.1.1 Robust scrutiny of the Council's Annual Governance Statement and Framework applied in line with best practice will further strengthen the Council's sound base of strong financial management and assist in reducing risk.

5.2 Legal Implications

5.2.1 It is a requirement of the Accounts and Audit (England) Regulations 2015 that the council publishes an Annual Governance Statement.

5.3 Risk Implications

5.3.1 A strong internal control environment contributes to the overall effective management of the Council and will minimise the risks of the Council failing to achieve its ambitions and priorities, and service improvements.

5.3.2 Without robust governance arrangements, there are potential service continuity and reputation risk implications.

5.4 Equalities and Diversity Implications

5.4.1 Officers responsible for the delivery of any improvement actions identified will also be responsible for completion of any relevant Equality Impact Assessments.

5.5 Other Corporate Implications

5.5.1 All aspects of the work of the Council are affected by its corporate governance arrangements, as well as the Council's partners in service delivery and other agencies with which the Council shares information. External bodies in particular, need to have confidence in the way the Council operates and this can be achieved by demonstrating robust governance arrangements that are fully embedded.

6. BACKGROUND DOCUMENTS

- CIPFA/SOLACE, 'Delivering Good Governance in Local Government (2016 Framework and Guidance)
- CIPFA/IFAC International Framework 'Good Governance in the Public Sector (published August 2014)
- Stevenage Borough Council's Local Framework for compiling the AGS

7. APPENDICES

- Appendix One – Local Code of Corporate Governance (June 2022)
- Appendix Two – 2021/22 Annual Governance Statement
- Appendix Three – Corporate Backbone

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2022/23
Financial Report including Statement of Accounts and Group Accounts
(DRAFT– Pre-audit)

Stevenage
BOROUGH COUNCIL

The 2022/23 Pre Audit Statement of Accounts was certified as presenting a true and fair view of the financial position of Stevenage Borough Council by the Chief Financial Officer on 12 Feb 2024. A revised draft was certified on by the Chief Financial Officer on 23 October 2024 following a material change in the balance of assets under construction.

This document is part of the Council's policy of providing full information about the Council's affairs. In addition, interested members of the public have a statutory right to inspect the accounts before the Appointed Auditor completes the annual audit. The availability of the accounts for inspection is advertised on the Council's web site.

Page

Foreword by Chief Executive

Welcome to Stevenage Borough Council's Statement of Accounts for 2022/23. As a co-operative Council we work alongside residents and partners to improve the lives of the people that live and work in the town. To enable this, it's important that we maintain a high degree of openness around our spending and decision making. The publication of our accounts helps demonstrate our commitment to achieving this transparency.

Organisational overview and external environment

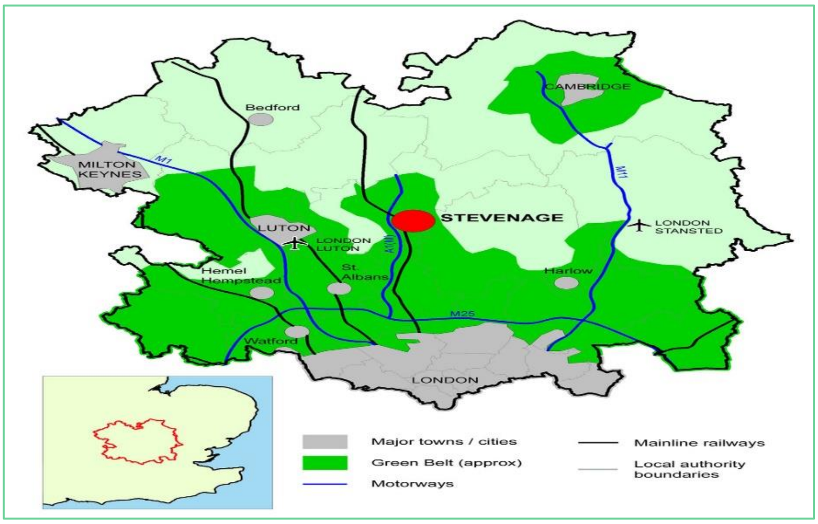
About Stevenage

Stevenage is a town steeped in rich heritage and culture, with a long history spanning back to Saxon times. The town is home to around 89,000 people and 52,000 jobs, with established businesses in key sectors including pharmaceutical, advance manufacture, space and defence, life sciences and health care. The Council's major regeneration programme will also introduce a range of new and exciting shopping and leisure opportunities for residents and consumers.

Geography

Stevenage is strategically located within Hertfordshire 30 miles north of London. With a major station on the East Coast Main Line, Stevenage offers superb connectivity with 19 minute journey times to Kings Cross and less than 40 minutes to Cambridge. Thameslink services giving direct connections to Farringdon, London Bridge and Gatwick have also expanded into Stevenage, with links all the way through to Brighton.

Stevenage is also situated on the A1 (M) with good access to Cambridge, Peterborough, Northampton and Milton Keynes in less than one hour by road. In addition, two international airports are within easy reach: London Luton (14 miles) and London Stansted (29 miles).



About The Council

Stevenage was designated Britain’s first new town in 1946. The town was planned and developed by the Government-appointed Development Corporation that was responsible for a series of master plans detailing the way the town would grow. Stevenage Urban District Council became the Borough Council under local government reorganisation in 1974 and by 1980 most of the Development Corporation’s functions had been transferred to the Borough Council. The Town’s 89,000 residents live in 13 wards, which are represented as 6, neighbourhoods through the Council’s innovative Co-operative Neighbourhoods approach:

• St Nicholas & Martins Wood
• Woodfield, Old Town & Symonds Green
• Bedwell & Pin Green
• Chells & Manor
• Bandley Hill & Shephall
• Longmeadow & Roebuck

The Council employs 656 staff who deliver a range of services including housing, leisure and recreation, environmental health, waste collection, planning applications and local taxation. The Council has 12 Community Centres, 12 car parks and directly manages 7,947 homes along with oversight of around 1,500 leasehold properties. On average the council will collect 37,780 bins per year, which equates to 20,201 tonnes of household waste, of which 13,591 tonnes is recycled, The Council receives around 132k calls to its Customer Services Centre per year.

Altogether Stevenage Borough Council provides circa 120 different services, most of which are directly delivered in-house, and benefits from being part of shared services with other councils in the following areas:

- Revenues and Benefits service, hosted by East Hertfordshire District Council (EHDC)
- ICT service with EHDC, hosted by Stevenage Borough Council
- Internal Audit Service (SIAS) and Shared Anti-Fraud Service (SAFS) with other Hertfordshire Councils, hosted by Hertfordshire County Council
- CCTV service (partnership and company) with EHDC, North Hertfordshire District Council and Hertsmere Borough Council, hosted by Stevenage Borough Council
- Legal service, hosted by Hertfordshire County Council
- Shareholder in Building Control company with seven other Hertfordshire Councils
- Disabled Facilities service (Hertfordshire Home Improvement Agency), hosted by Hertfordshire County Council
- Procurement service with EHDC and Hertsmere hosted by Stevenage Borough Council

In 2023, the Council tendered a new ten-year Leisure Management contract with Everyone Active which includes the Stevenage Swimming Centre, Stevenage Arts and Leisure Centre including Gordon Craig Theatre, Fairlands Valley Aqua Park, Southfield Showground, Ridlins Athletics Stadium and Stevenage Golf Conference Centre. This contract started on 1 April 2023.

The partnership will allow Everyone Active to build on the current leisure and arts development offering in the local area. The early facility improvements include the refurbishment of the Gordon Craig Theatre Lobby / café area, the redecoration and installation of new equipment in the gym at Stevenage Arts and Leisure Centre and upgrades to the Changing Village (lockers, showers, toilets) at Stevenage Swimming Pool.

Business

Some of the world's most innovative companies as well as numerous exciting start-up businesses have chosen Stevenage to base and develop their operations. Stevenage's business base has a rich history and diversity that spans a wide range of sectors including aerospace, information technology, pharmaceuticals, advanced engineering and media.

In 2022/23, building work progressed on the £65m European manufacturing headquarters of Autolus Therapeutics at the former Marshgate car park site. Autolus, a biopharmaceutical company, has decided to locate its manufacturing headquarters in the town creating up to 400 jobs and committing its future to Stevenage. The headquarters opened in 2023.

In addition to providing opportunities for future employers, Stevenage is home to some major Science, Technology, Engineering and Maths (STEM) employers including:

- GlaxoSmithKline - £1bn development programme in place for the next 10 years which will realise circa 4000 new jobs
- Airbus Defence & Space
- MBDA Missile Systems
- Stevenage Bioscience Catalyst
- Stevenage Cell & Gene Catapult
- Fujitsu

Planning permission was issued in 2023 for the redevelopment of The Forum, for a major life sciences development, and land adjacent to the GlaxoSmithKline site.

Living

Stevenage offers residents a wide range of local amenities and a good standard of living. There is a good mix of social, affordable, and private housing in and around the town. Indeed, the town is one of the most affordable places to live within Hertfordshire with the average property price being £350,000 compared to £521,000 elsewhere in the county.

Stevenage has a strong culture and leisure focus as evidenced through the Stevenage Reimagined Cultural Strategy here and a comprehensive offer including a number of public and private sector facilities which are located within the town centre.

The Council also operates a small, family-friendly Museum that tells the story of the town from prehistoric times through to the modern day, including the evolution of Britain's first post-war new town. Work continues in 2022/23 to explore the opportunities and aspirations for a new heritage facility linked to the council's wider regeneration programme.

The town also benefits from having many major retailers present within the High Street and retail parks. The Old Town provides a pleasant contrast with the High Street benefitting from several cafes, pubs and independent retailers.

There are over 300 acres of public park within the Borough which provide a wide range of recreational activity that can be accessed via an extensive, off road safe cycle network. Five of the parks have achieved the prestigious "Green Flag" status:

- Fairlands Valley Park
- Town Centre Gardens
- Hampson Park
- Shephalbury Park
- Weston Road Cemetery

Stevenage is proud of its open spaces and in 2022/23 three new community orchards were created as part of the Urban Tree Challenge Fund. The new orchards at Bedwell Park, Peartree Park and Letchmore Road Open Space were planted with support from local schools. This is in addition to the planting of five trees to celebrate 50 years of Fairlands Valley Park and seven trees as part of the emerging community woodland, to commemorate the late Queen Elizabeth II 70-year reign.

Opportunity & Ambition

The ‘Stevenage Development Board’ was formed in March 2020 to lead the development of a Town Investment Plan. In March 2021 the Board secured £37.5m ‘Towns Fund’ funding from the then Ministry of Housing, Communities and Local Government to support the regeneration of the town through the delivery of a range of projects which will provide greater retail, culture and work / skills development opportunities for local people. Alongside this, post the development of the Town Development Framework in 2015, the Council led a major procurement exercise which resulted in the developer Mace being appointed to deliver the £350m SG1 scheme.

During 2022/23 the Council continued to progress the regeneration programme and, in Summer 2022, opened the new Bus Interchange on Lytton Way, opposite the Railway Station. Event Island Stevenage, on the site of the former bus station outside the Council offices, opened in October 2022. Event Island Stevenage offers a programme of events and activities in the heart of the town centre, as well as introducing new greenery and spaces for informal play. There will be seasonal events on offer – for example, an ice rink was installed over the Christmas period to coincide with other festive activities across the town centre.

The Council has completed the construction of the new Multi-Storey Car Park. Construction began in May 2022 and opened a year later. The facility includes:

- 622 spaces, almost double the capacity of the former level surface car park
- Secure cycle storage facility for 80 cycles, run by bespoke operator Spokesafe;
- 30 blue badge space split across different levels;
- 30 EV charging points with the capacity to increase charging facilities significantly as demand increase;
- Solar panels to increase sustainability and help with charging bays.

The car park is the first in Hertfordshire to receive the Park mark Plus award, (demonstrating the highest quality of today’s morning car parks in services operations, design and build), and was jointly awarded ‘Best Car Park in a Town or City’ at this year’s British Parking Awards.

Throughout 2022/23, progress to deliver the projects that make up the Town Investment Plan has been reported to the Stevenage Development Board and the Council in its capacity as the accountable body. The programme to deliver the next tranche of projects is underway and the following were progressed in early 2023:

- Stevenage Sports & Leisure Hub
- Diversification of Retail and Garden Square
- Cycling & Pedestrian connectivity (including Arts & Heritage) projects.

Regeneration is also taking place at other sites in the town centre. Works have started on the site of the former Matalan unit, with The Guinness Partnership delivering new homes on this site. The delivery of the new development will take place in phases. Phase 1 will provide 143 one and two-bedroomed apartments and all new homes in this phase will be offered as affordable tenures.

Political Makeup as at March 2023

At the end of December 2022/23, Council Leader Baroness Dr Sharon Taylor OBE stood down from her role as Leader of the Council following her nomination to the House of Lords. Cllr Richard Henry became the new Leader of the Council in January 2023. The Leader of the Council has responsibility for the appointment of the Members of the Cabinet and the allocation of areas of responsibility for each Cabinet Member, apart from the position of Deputy Leader which is elected from within the majority group.

The responsibilities of the Council, its Committees, Elected Members and officers are set out in the Council's Constitution.

The Senior Leadership Team, led by the Chief Executive, is responsible for implementing the decisions taken by the Council and Cabinet.

Across the 13 different wards, there are 39 members and following the May 2022 election the political makeup was as follows:

- Labour Co-operative Group 24
- Conservative 9
- Liberal Democrats 6

Corporate Priorities and Objectives

The Corporate Plan, "Future Town, Future Council", is the main strategic planning document and outlines the vision, outcomes and objectives that the Council wishes to achieve through working co-operatively with and for its residents.

Members approved the "Future Town Future Council" Corporate Plan in December 2016. It reflects the Council's continuing focus on co-operative working and outlined the key outcomes and priorities for the town over the period 2016-2021.

At its meeting on 24 February 2021, the Council agreed to continue with the current Corporate Plan beyond its original 5-year term, subject to further review in Autumn 2022.

The Council's Executive set "Future Town, Future Council" priorities on an annual basis, and performance against these is subject to quarterly review by the Executive and the Overview and

Scrutiny Committee. The Corporate Plan priorities are consolidated into four external-facing programmes and one internal-facing enabling programme, which are set out below:

- Transforming our Town - to create a vibrant town centre where people want to live, work and play.
- More Social, Affordable and Good Quality Housing - to increase the number of social and affordable homes in Stevenage.
- Co-operative Neighbourhoods - work with our communities to improve our neighbourhoods.
- A Clean, Green, Safe & Thriving Town - improve the quality of life of Stevenage residents and enhanced experience for visitors.
- Balancing the Budget – to be a financially resilient council with enough resource to deliver our priorities

Over the past year, the Council has made substantial progress across the corporate 'Future Town, Future Council" programme despite the challenges presented by the cost-of-living crisis, ongoing recovery from the impact of the coronavirus pandemic, the war in Ukraine and the ongoing reduction in funding for local government. The Council is determined to continue its ambitious programme of work to ensure both the town and council are revitalised and reimagined for the 21st century.

As referred to earlier the Council is working hard to bring forward the flagship SG1 regeneration scheme via its partnership with Mace. The related schemes include redevelopment of the Council's offices at Daneshill House into a new Public Sector Hub offering a one-stop location for public services including health, voluntary, council (including Library and Museum, New Town Heritage Centre) and charitable institutions.

Through the Towns Investment Plan work is underway to progress the development of a modern cultural, arts, New Towns Heritage Centre, and the Stevenage Sport and Leisure Hub with facilities likely to include a 10-lane swimming pool and teaching pool, as well as a 200-station gym and health and wellness spa.

During 2022/23 the Council continued to deliver new social and affordable homes across the town. Over the past year a further 73 properties were delivered bringing the total to 359 affordable homes completed since the programme began in 2014. A further 21 properties at De Havilland House were delivered for private sale, bringing in receipts that will be re-invested in affordable housing elsewhere in the town. Progress continues at the flagship neighbourhood development scheme at Kenilworth Close which, along with the scheme at Scarborough Avenue, which will provide over 250 homes, including a new and state of the art older persons independent living scheme.

The Council will deliver 154 more affordable homes in 2023/24 further delivering against its commitment of providing high quality homes for the town.

Over the past year, further progress was made with the £45m Major Refurbishment Contract (MRC) programme which spans the Council’s 550 low rise flat blocks. These homes have benefited from a range of bespoke works including new roofs and windows which will improve the quality of life for tenants and leaseholders. SBC was the third council in the UK to retro fit sprinklers in its seven high rise flat blocks as part of its commitment to providing residents with safer homes by providing the highest levels of fire safety and fire protection. The programme continued to be rolled out in 2022/23 with further phases planned.

In 2022/23 the Council successfully secured Social Housing Decarbonisation Funding which will see around 400 social homes with an Energy Performance Certificate (EPC) rating of D or lower receive upgrades to improve their energy efficiency and reduce carbon emissions. This includes fitting, if required, wall and loft insulation, double glazing and solar panels

The Co-operative Neighbourhoods (CN) programme has continued to develop at pace throughout 2022/23. Engagement with residents at local neighbourhood level to listen to their views and priorities as well as considering co-production opportunities to address issues which are identified has taken place on a regular basis, including via the Proptech funded project to increase the use of digital engagement mechanisms, with over 1,900 responses obtained during the year. Further consultation and analysis of views will take place in 2023/24 to make sure that residents priorities remain at the heart of decision-making.

To ensure that residents are kept informed of and engaged with developments, Digital Newsletters are due to be circulated to each Neighbourhood area. Over 3,600 residents have signed up to receive the Digital Newsletters thus far.

In 2022/23, through the UK Community Renewal Fund programme, the Council consistently exceeded its target to increase the number of residents accessing education, training and life skills support and employment opportunities. Through the programme the Council has safeguarded jobs, supported businesses to obtain additional investment and helped local businesses to develop their own decarbonisation plans and feasibility studies. The Council will build on this important work over the next 3 years through the UK Shared Prosperity Fund (UKSPF) Local Investment Plan (LIP).

Ukraine and the Cost-of-Living Crisis

In March 2022, the Council cemented its solidarity with Ukraine and has continued to work with partners to help support those fleeing the war, either in response to the Homes for Ukraine scheme or the resettlement of Asylum Seekers more generally. The impact of the war coupled with the financial impacts of the Covid pandemic has created extremely challenging circumstances for residents and business. An increase in energy, food, fuel and goods costs, coupled with the highest levels of inflation for 40 years and rising interest rates led to increasing demand on service areas such as homelessness support and advice, Council Tax and Housing Benefits, income and rents.

On the 20 July 2022, the Council declared a cost-of-living emergency and called for the Government to do more to help residents and businesses most impacted by the crisis. The impact of the Cost-of-living crisis has required us to work with key partners to develop a comprehensive response.

Through partnership working other local authorities, public sector bodies, community and voluntary groups and private sector representatives, the Council has sought to deliver a comprehensive package of support covering:

- Food insecurity and poverty
- Fuel and energy
- Health and wellbeing
- Skills and employment
- Money and debt

A key initiative in the response has been the Stevenage Warm Spaces Network which was launched in November 2022. Council-owned venues across the town have been utilised to provide Warm Spaces for any resident who needs access to a warm, safe space. The Warm Space venues have been promoted both online and via community noticeboards, direct mail, the Chronicle magazine and through community partners. The Council has worked with its partners to ensure that the Warm Spaces provide meaningful activities, information, advice and guidance and a hot drink to all residents visiting the space.

In addition to providing support for some of the most vulnerable in the community, the Council has been working closely with partners to promote the availability of local employment opportunities, and skills and training courses (including funding available to support access) to help raise awareness and confidence for people to increase income and improve their financial wellbeing.

The ongoing response to the crisis will remain under review and the approach will be adapted where appropriate to reflect changing circumstances along with the learning gleaned from local, regional and national interventions. Where possible, responses are being embedded into “business as usual” to ensure that support is available wherever and whenever people need it, recognising that the situation continues to impact different people in different ways at different times, and will continue to do so for some time.

Partnership Working

During 2022/23, the Council continued to work closely in partnership with a range of organisations to deliver our shared objectives and meet the challenges facing the town and its residents.

As mentioned above, the Stevenage Together Partnership met several times through the year to oversee area-wide responses to key challenges facing the Town, including the cost of living crisis. The Partnership includes representation from the Council; public sector partners including Hertfordshire County Council, Hertfordshire Constabulary, North Hertfordshire College and the Department of Work and Pensions; voluntary and community sector partners including Citizens Advice, Mind in Mid Herts, Stevenage Credit Union; private sector partners including the Stevenage Development Board and WENTA; and other key local partners including Stevenage Football Foundation and Knebworth House.

There continues to be strong partnership working to tackle community safety issues through the implementation of the SoSafe Community Safety Strategy (2021-2024). In 2022/23 the So Safe partnership prioritised the following:

- Diverting young people from becoming involved in crime and ASB
- Provide safe reporting and support to domestic abuse survivors and victims of modern slavery
- Promote reporting of Hate Crime and inequality in the community
- Tackle the harms caused by drugs and alcohol
- Work with partners to encourage reporting of crime and address perception of crime

The collaborative work with partners & residents to promote the reporting of crime and Anti-Social Behaviour (ASB), and the projects identified in the Action Plan have been key to decreasing crime and improving community safety locally. Central to the Council's progress in this area, has been the Stevenage Against Domestic Abuse service which celebrated its 10th year in 2022/2023. SADA successfully applied to the Charity Commission for charity status which is anticipated to significantly improve the team's ability to raise funds and continue to deliver such a valuable service.

Climate Change

Another key partnership arrangement is the work on climate change with the County Council, all 10 District Council's and the Herts LEP through the Hertfordshire Climate Change & Sustainability Partnership (HCCSP). Through the partnership the Council has been able to tackle some of the wider issues which are beyond the scope or direct control of individual local authorities. In 2022/23 the fifth strategic action plan on Behaviour Change was approved for implementation, providing an overview of regional activity related to climate change and sustainability and aligning messages across the county.

Through its own Climate Change Strategy (2020) the Council is committed to achieving net zero by 2030. Improving transport and developing sustainable travel solutions is central to this approach. In addition to the regeneration of the Bus Station and Multi Storey Car Park additional, funding has been secured through the County Council and Department of Transport's Active Travel Fund (AFT). The funds will deliver a new cycling and walking enhancement scheme as part of the Council's Local Cycling and Walking Infrastructure Plan. The scheme will provide a new 2-way cycle route by reallocating existing road space and ensuring improved travel options for pedestrians and cyclists.

Governance

Corporate Governance

The Corporate Governance Group meets four times a year to consider arrangements from the perspective of the seven core principles of corporate governance in the CIPFA/SOLACE Framework. At Business Unit level, assurance of compliance with the principles of good governance requires all Assistant Directors to complete, certify and return a Service Assurance Statement each year.

The Corporate Governance Group also consider whether any recommendations as a result of external or internal audit activity (and other review agencies and inspectorates), and the Head of Assurance Annual Report, require inclusion in the Statement. These review mechanisms contribute to overall assurance for the 2022/23 Annual Governance Statement.

The Council is responsible for ensuring that its business is conducted in accordance with the law and to proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which include arrangements for the management of risk.

Stevenage Borough Council has adopted a Local Code of Corporate Governance that sets out a commitment to corporate governance and summarises the governance arrangements in place to enable the Council to monitor the achievement of its strategic objectives, to consider whether those objectives have enhanced delivery of appropriate cost-effective services and outlines the activities through which it accounts to and engages with its communities.

The Local Code reflects the core and sub-principles outlined in the 2016 CIPFA/SOLACE Framework, 'Delivering Good Governance in Local Government'. The Council's Local Code of Corporate Governance is reviewed and approved by Audit Committee each year.

The Annual Governance Statement for 2022/23 explains how the Council has continued to comply with the Local Code, summarises the review of its governance arrangements and identifies areas of governance to be strengthened and outlines actions to strengthen areas identified. This includes actions identified by the Shared Internal Audit Service, or that are considered important in the management of 'very high/high level' strategic risks.

Matt Partridge
Chief Executive

Narrative Statement

Operational Model - Financial Context

Local government has faced significant funding cuts during the period of national austerity (from 2011/12), which has seen successive governments reduce financial support to all parts of the public sector, with lower tier authorities such as Stevenage Borough Council receiving a significant proportion of that reduction.

The impact on Stevenage has been for our General Fund services, a reduction of £5M (to 2019/20) in government grants, whilst an estimated £6M of inflation and other pressures have increased costs. The ability to set a balanced budget and retain the same level of services has been curtailed as legislation has limited increases for District Councils at below 2% up to 2017/18, 2% or £5 on a Band D property to 2022/23 and 3% thereafter, without triggering a local referendum vote. This small increase in 2023/24 still means that the council faces a real term cut in spending power next year as inflation outstrips the new funding support.

This comes at a time when demand for a range of important services, such as housing support and homelessness prevention, is rising and income from fees and charges remains below pre-pandemic levels. These new pressures, and a move to less certainty over funding, make it impossible for services to be funded at their previous levels.

Budget setting and The Medium-Term Financial Strategy

The Council must set a balanced budget each year (Local Government Finance Act 1992). The Council is required to estimate revenue expenditure and income for the forthcoming year from all sources, together with contributions from reserves, to determine a net budget requirement to be met by government grant and council tax. The Revenue Budget for 2023/24 and the General Fund MTFS was approved by Council on 23 February 2023. The HRA Revenue Account (HRA) Budget was agreed by Council on 25 January 2023. An updated MTFS position is shown in Note 38 Going Concern.

The Medium-Term Financial Strategy (MTFS) is based upon the vision included in the Council's Corporate Plan. It is the vehicle by which the Council identifies resources to deliver the Corporate Plan. The MTFS covers both the General Fund revenue resources and those for the HRA. Both are supported with resources in the Capital Programme.

The MTFS is regularly updated to ensure that a clear financial position for the Council can be demonstrated over the next five years. This medium term view of the budget gives a mechanism by which future 'budget gaps' can be identified allowing for a measured rather than reactive approach to reducing net expenditure. The Balancing the Budget (BTB) year round approach to identifying budget options means that work is on-going throughout the year to bridge the gap. The MTFS aims to:

- Ensure the level of reserves remains appropriate – risk assessed minimum level of 2023/24 General Fund Balances approved February 2023 to be £3.420M
- Achieve an on–going balanced budget 2026/27 (by ensuring inflationary pressures are matched by increases in fees and income or reductions in expenditure)
- Identify service delivery trends, changes in legislation etc. to accurately predict levels of spend in the future.
- Ensure the HRA has the sufficient balances to fund the level of borrowing to fund improvements to council houses and deliver the commitment for new housing.
- Identify a BTB savings target to ensure that both the General Fund and HRA remain financially resilient.
- Increase value for money.

The 2023/24 budget setting process has been undertaken during a very financially challenging period for the public sector as well as the broader national economy. The Council has weathered the operational and financial impacts of COVID during 2020/21-2021/22 which resulted in a net cost to SBC of circa £4Million, this cost was incurred whilst the Council continued to deliver the majority of its services and progressing a range of major regeneration and housing development projects. The financial position more recently has been exacerbated by the current significant financial challenge of the 'Cost of Living' crisis which has resulted in a dramatic increase in inflationary costs as set out in the September 2022 Executive Medium Term Financial Strategy (MTFS) report and again in the subsequent BTB and Draft General Fund budget reports.

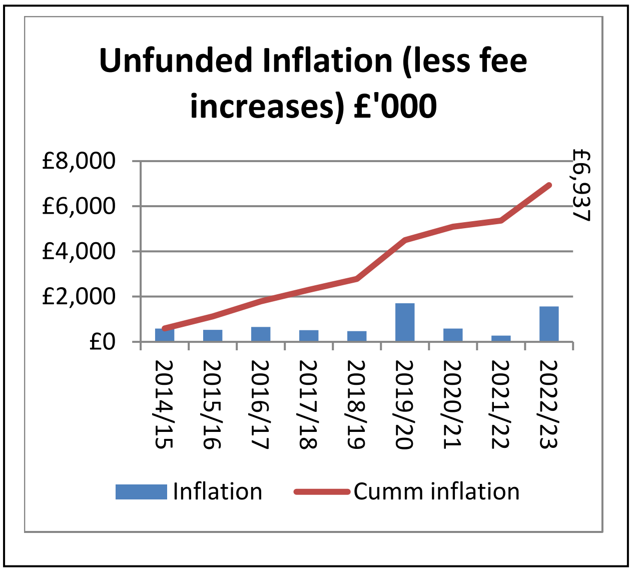
Financial Impact of COVID

The Covid-19 pandemic continues to have a significant impact on the council's finances. Up to the end of 2022/23 the pandemic is estimated to have had a net cost of £3.8M, after taking account of support from central government and represents a gap in funding which the Council has funded from one-off measures including the use of ring fenced capital receipts and Locality Review receipts to minimise revenue contributions to capital, alongside the use of business rate gain reserves.

Car park income has been severely impacted, as commuters behaviour has changed from daily commuting to hybrid working, reducing demand for car parking spaces. Losses of more than £1M 2022/23 are expected to run into 2023/24 (£600k loss anticipated).

Implications of High Inflation

The financial position of the council and wider community has recently been impacted negatively by the current significant financial challenge of the 'Cost of Living' crisis which has resulted in a dramatic increase in inflationary costs as set out in the September 2022 Executive Medium Term Financial Strategy (MTFS) report and again in the subsequent BTB and General Fund budget reports (February 2023). Unfunded inflationary increases absorbed by the council since 2014/15 amount to £7M cumulatively as seen in the graph. The general budget for 2023/24 has £1.6M built in for inflationary pressures.



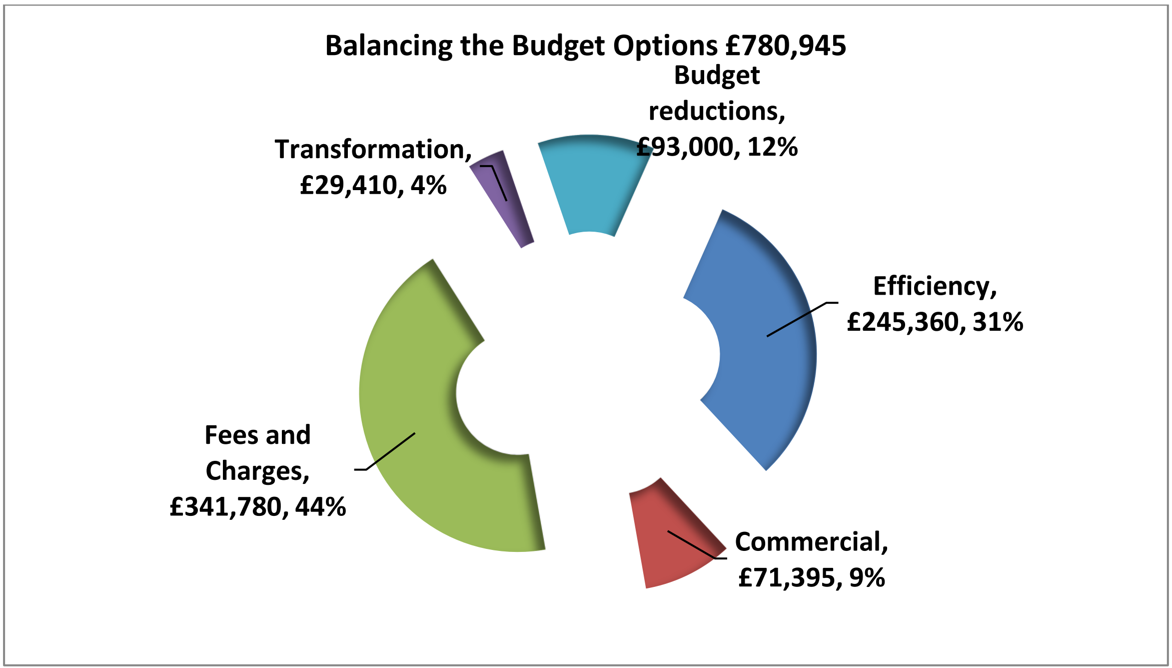
Ongoing high inflation can have an impact on estimates used in the financial statement where these relate to future events. This impact has been considered when significant estimates have been included. Areas which may be impacted are:

- the residual value of the council's assets where cost information is used as part of the valuation methodology (DRC).
- post-employment benefits valued using assumptions relating to wage increases and CPI data.
- Increased cost of future borrowing and its impact on reserves balances as well as viability of future capital projects.
- The value of provisions made may not be sufficient to cover expected future costs
- Items that were immaterial may become material or vice versa

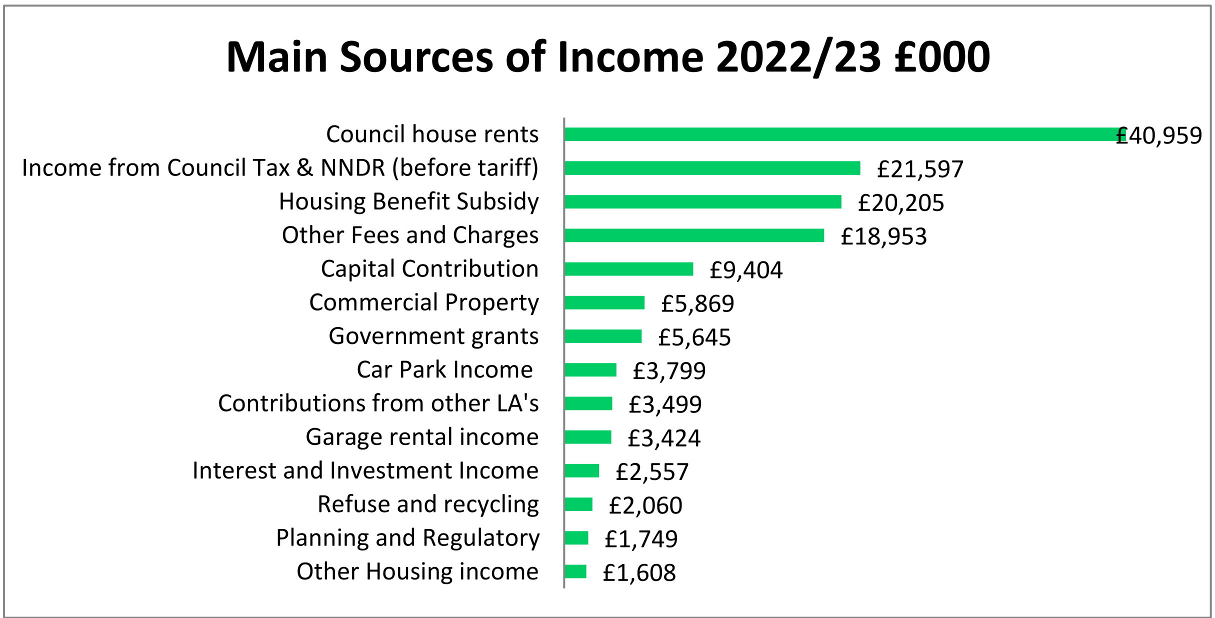
2022/23 Financial Position

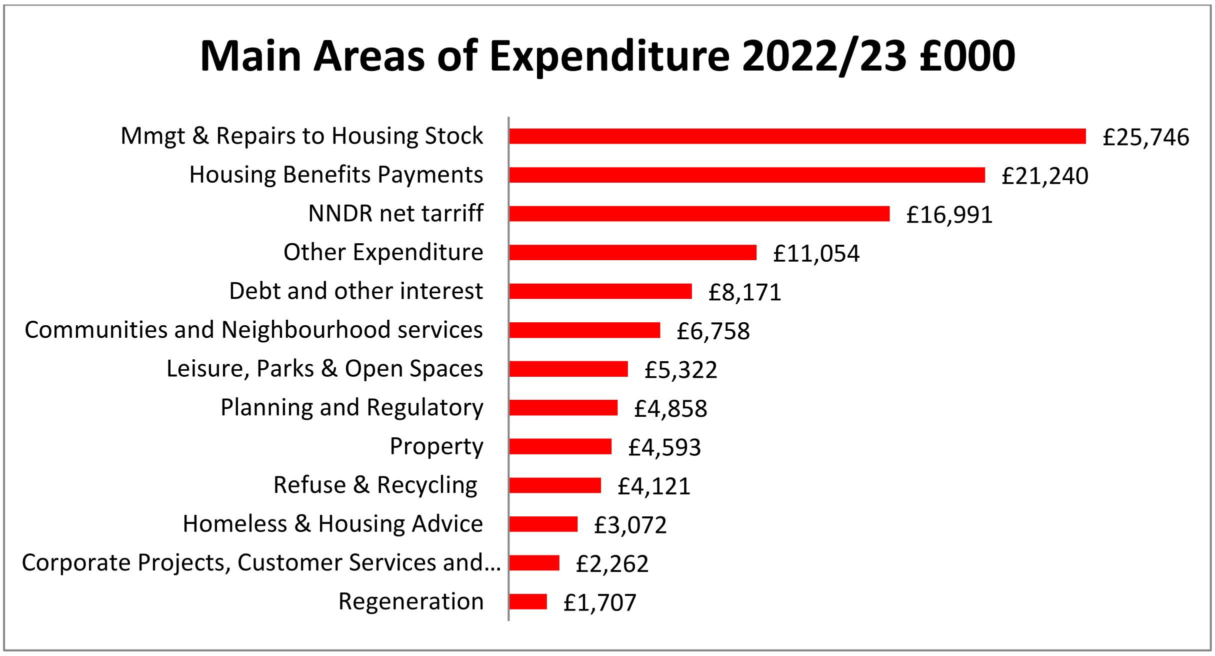
Savings

Savings delivery has become a key part of setting a balanced budgets and ensuring the council is financially sustainable. The graph below shows the general fund savings targets for 2022/23, approved by Council on 24 February 2022. The HRA's equivalent savings targets were £40k in 2022/23. A full business plan re-write in 2023/24 will determine future BTB targets.



The Council provides a wide range of services to the residents of Stevenage including refuse and recycling collections, leisure facilities including children's play schemes and maintenance of the public open spaces in the district. In addition the Council helps to keep the residents safe with responsibility for environmental health issues and ensuring new buildings comply with legislation. The Council also has a responsibility to help homeless families and to administer housing benefit claims. To pay for these services the Council receives money from a number of sources. The following charts show the main sources of our income and where we spend it for our residents and tenants.





Risk and Opportunities

The Future Town Future Council (FTFC) programme is an ambitious programme for Stevenage and this brings a level of risk for the Council. The Council maintains a Strategic Risk register which is reported to the Senior Leadership Team (SLT), Corporate Risk Group and our Audit Committee on a quarterly basis. This register includes all the top perceived risks for the Council and includes actions to mitigate risk. In addition any decisions taken by our Members are considered taking into account financial, legal and identified risks.

We ensure that we deliver the services and priorities our Members have approved by reporting quarterly using some key measures and programme updates to see how we are doing. Some of the measures relate to the FTFC programme and the remainder to key performance indicators that check how well we are providing our services and meeting our targets. These are reviewed by the SLT and we look at any mitigation we can implement if our targets are not being met. The performance measures are then approved by our Members. Although not all our measures are on target and we have put plans in place to achieve them and we recognise we can always improve.

A review of the risks facing the General Fund budgets has been listed in the table below, not all the impacts are known at the present time. The current MTFS projections are based on prudent assumptions and include the CFO’s best assessment of the financial risks. However, if any of these risks become a reality then the MTFS will need to be updated once the actual impacts are known.

Expenditure and Income	Impacted by	Risk (to increase cost)
Inflation	Increases in utility costs continue to be in the order of 300% on gas and 150% on electricity in 2023/24 and beyond, currently the indication is up to £300K higher than the MTFS assumption	high
	The MTFS assumes a 3% pay award for 2023/24, a continuation of higher inflation may drive much higher pay negotiation outcomes. A 1% increase in the pay award equates to an additional £200K of costs.	high
	Projections for inflation of CPI at 10.1% (September) will exacerbate inflationary pressures in the General Fund and HRA for pay, goods and services.	high
Demand for services	There may be an increase for support services such as homeless and advice and this puts further pressure on the Council's budgets	high
Retention and Recruitment of staff	The reported ongoing challenge associated with recruiting and retaining staff in the current employment market may lead to the need to increase salary costs and a higher level of agency worker engagement to ensure service continuity.	high
Fees and Charges	The impact of COVID and new ways of working in addition to the Cost of Living Crisis may impact of the Council's fees and charges income which is required to support the funding of services.	high
Core funding	New Homes Bonus although likely to be in place for 2023/24-2024/25 can fluctuate from year to year and has to exceed the threshold calculation.	high
	The Government reviews the base line funding for Council's, while there is insufficient time for 2023/24, this may be a way to reduce the cost of the Local Government in future years.	Medium
	Grant funding for new burdens is announced annually such as homeless or rough sleeper funding which makes recruitment and retention difficult on a permanent basis	high

Strategy and Resource Allocation

The Council's Financial Strategies (MTFS) highlighted the need for on-going savings to fund inflation and service pressures. We aim to ensure we can deliver our priorities even though our resources are reducing through our 'Balancing the Budget" (BTB) work stream. The Council's priority 'Financial Security' helps us to deliver this through, efficiencies, transformation, smarter ways of working, income options and new and innovative transformation of our services, prioritising where we spend our money before reductions in services. This will help us maintain our priority services while still meeting our FTFC ambitions.

Transformation by improving customer access to services through digital means and improving and streamling processes

Co-operative Commercial and insourcing bringing services inhouse if value for money and ensuring we charge appropriately for our services

Efficiencies through robust monitoring efficineices will be identified where they arise to ensure that Council stays financially resilient

Prioritise services if there are not sufficient budget savings achieved from the other three work streams to ensure a balanced budget

The four strands of the BTB priority are set out in the Council's Medium Term, Financial Strategy (MTFS) and is the enabler to delivering our MTFS objectives which includes:

'To remove the General Fund's reliance on RSG by 2019/20 when the funding is removed and achieve an on–going balanced budget by 2024/25 (by ensuring inflationary pressures are matched by increases in fees and income or reductions in expenditure from 2024/25).'

General Fund balances are higher than budgeted (2023/24) risk assessed levels (£3.420Million) and are prudent with the caveat that the annual BTB target is achieved. The MTFS general fund balance forecast, agreed as part of the 2022/23 budget setting process, and now updated by the actual outturn for 2022/23 , is as follows:

GF Balances £'000	2022/23	2023/24
Revised Balances at 31 March each Year:	(£6,908)	(£5,954)
Use of / (transfer to) balances	(£954)	£1,340
General fund Balance 1 March	(£5,954)	(£4,614)

The Council's Housing Revenue account (HRA) currently has budgeted 2023/24 year-end balance of £30.4Million.The revised HRA business plan (2023), holds higher reserves for repayment of borrowing over the 30 year business plan, but also requires higher medium term balances to cushion the impacts of high inflation.

Due to the impact of COVID, historic funding cuts and the delivery of FTFC priorities against growth will only be to approve which meet the outcomes of the FTFC priorities.

In determining how much we need to find through BTB, the Council's MTFS takes a five year view of future inflation, pressures, spend and income based on forecasts using government and independent data. Since 2010/11 this has identified a gap between income and expenditure, requiring 'BTB' targets to be set and implemented.

Financial Performance

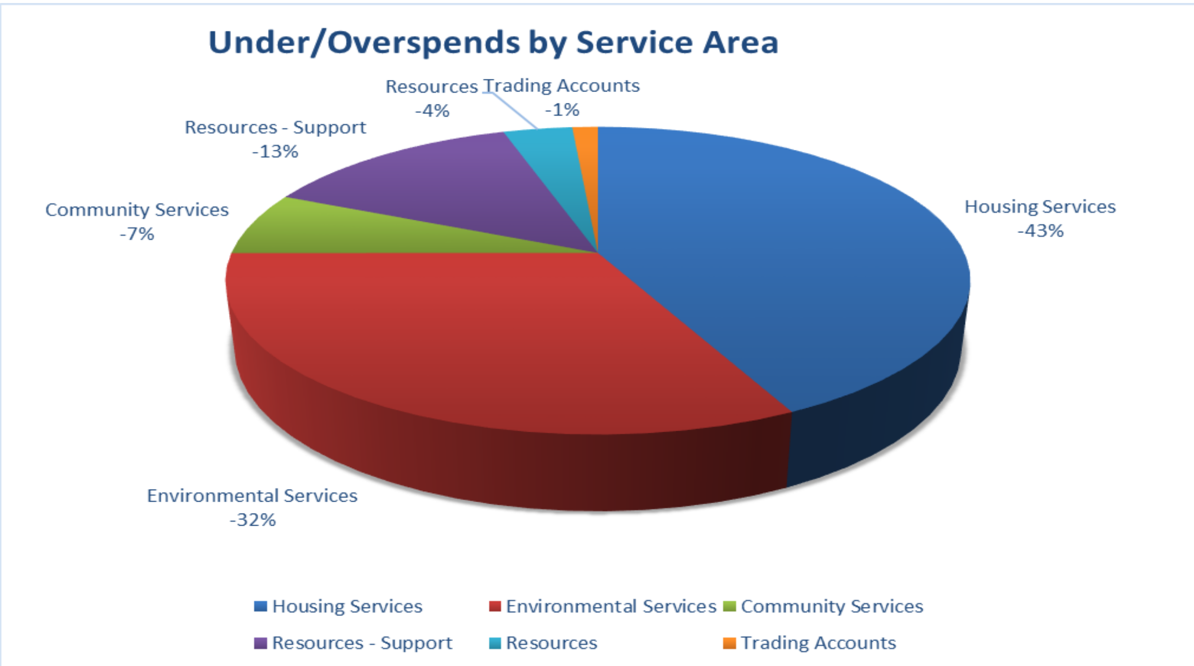
General Fund 2022/23 Outturn Position

The 2022/23 actual General Fund net expenditure was £774K lower than the revised working budge. A summary of the working budget versus outturn is shown below.

General Fund Outturn Position £000	2022/23 Latest Budget	2022/23 Outturn	Variance
	£	£	£
Services Net Expenditure	11,164	10,423	(741)
Core Resources (including TIG)	(9,436)	(9,469)	(33)
General Fund Outturn Position	**1,728**	**954**	**(774)**
Balance Brought Forward	(6,908)	(6,908)	0
Use of balances	1,728	954	(774)
Balance Carried Forward	**(5,180)**	**(5,954)**	**(774)**

The Serivces Net underspend of £741K can be broken down into two categories, one off in year savings which equate to £460K and on going reduction in budgets of £280K (out of which £185K is underspends relating to budgets already reduced as part of the 2023/24 budget setting process).

An analysis of the GF saving can be seen in the graph below.



General Fund Reserves

The latest General Fund year end position compared to the prior year and the 2023/24 Original Budget are summarised below.

General Fund Balances	2021/22 Actual	2022/23 Actual	2022/23 Original Budget
	£'000	£'000	£'000
Opening Balance	6,401	6,908	4,975
In Year Contribution to/(from) reserves	507	(954)	(572)
Closing Balance	6,908	5,954	4,403
Earmarked Reserves	4,808	5,556	4,517

The planned draw-down of £1.932M in the working budget would have reduced the GF Balances to £4.975 at 31 March 2023. In the event, the actual position was a £0.954 Million, drawn from reserves so that General Fund Reserve totalled £5.954 Million at year-end.

Housing Revenue Account (HRA) 2022/23 Outturn Position

As with the General Fund, Members have subsequently approved variations to the budget, as part of the quarterly monitoring reports to the Executive, taking into account service pressures and budget options arising in the year. This resulted in a revised budget of £987k (deficit). The final out-turn position for the year against the revised budget and its impact on balances is set out below:

HRA Outturn £'000	2022/23 Budget £	2022/23 Outturn £	Variance £
HRA Balance Brought Forward	**(28,144)**	**(28,144)**	**-**
In Year (Surplus) / Deficit	987	381	(605)
Transfers to earmarked reserves	-	17,244	17,244
HRA Balance Carried Forward	**(27,158)**	**(10,519)**	**16,639**

The 2022/23 actual HRA net deficit was £0.6M lower than the working budgeted deficit.

In April 2012 the HRA became subject to the Self Financing regime. Under the legislation, the costs associated with running, maintaining and replacing the Council's housing stock is financed from income generated from rents, sale receipts, and if necessary, capital borrowing which, at the time, was limited by a borrowing cap set by the government. This borrowing cap was lifted in 2018/19 by the government. At the time of the Self Financing settlement the HRA took loans totalling £196.911Million, (an amount determined by and payable to The Secretary of State). HRA reserves over and above minimum balances are required to repay the loans taken out as part of the Self Financing agreement and subsequent debt.

Key programme successes during 2022/23 included:

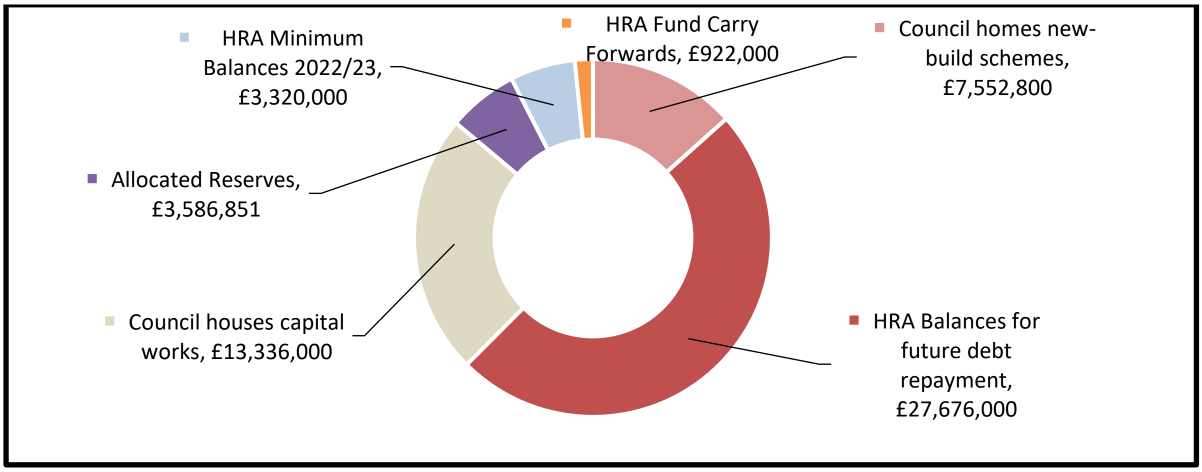
- During the year 34 properties were acquired by the Council and a further 16 new build properties were also added to the letting stock.
- The largest development continues to be on the site at Kenilworth Close, with homes beginning to handover including the first of the affordable homes at the site. 2023/24 will see the completion of a further 113 homes including a new state of the art independent living scheme.
- In total, the Housing Development service is on site at 303 new homes, with a further 156 submitted with Planning.

During the financial year 2022/23, 40 council homes were sold under the Right to Buy scheme and the Council's closing stock of council homes at 31 March 2023 was 7,947 (7,958 properties at 31 March 2022).

HRA Reserves

HRA reserves are ring fenced and cannot be used for General Fund expenditure. The Reserves that can be used to support the HRA total £31.35Million, of which £17.2Million is available predominantly for the purpose of repaying debt and £3.631Million is to provide resilience against interest rate fluctuations and to support the Council's transformation programme. There are also £0.922Million of carried forward budget requests that will be funded from these balances.

As with the General Fund a risk assessment is undertaken on the HRA to determine the minimum level of balances required each year. The risk assessment identified HRA balances of £3.32Million is required for 2023/24[1]. However, additional balances will be needed to repay the current HRA loans, standing at £226Million at 31 March 2023, of which £195Million related to a one off payment to the Government as a result of the self-financing settlement on the 28 March 2012.



[1] HRA Budget 2023-24

The HRA also holds specified reserves for the replacement of sold Council houses through the Right to Buy scheme of £7.6M (restricted use) and for investment in the housing stock of £13.3M (capital expenditure use only).

HRA general balances were significantly higher than the calculated minimum requirement for 2022/23, but these will be required to meet future debt repayments, as detailed above. The HRA is also subject to significant financial risks including:

- Legislative changes have increased the levels of RTB sales and may result in sales above those anticipated in the HRA Business Plan. Future policy changes are not known, however the revised business plan currently assumes 35 sales per year.
- Impact of the continued roll out of universal credit on the collectability of rents and possible adverse effect on rent arrears.
- Increased prudential borrowing in the HRA increases the risk of adverse interest rate fluctuation throughout the life of the business plan (HRA interest equalisation reserve £3.4M)
- Impact of future changes in government policy on rent increases.
- Impact of the Government's White paper on standards and regulation within the sector.
- The costs associated with de-carbonisation and climate change.

Usable Reserves

As at the 31 March 2023 the Council had total usable reserves of £75M. Of this £65M (86%) is earmarked or ring-fenced as below:

- Capital - £21M, the Capital Receipts Reserve (£14.4M) and Capital Grants Unapplied Reserve (£6.3M) are statutory reserves and can only be used for specific purposes.
- HRA (including Major repairs reserve and Minimum reserves balance) - £42.8M
- General Fund earmarked reserves - £5.6M
- Minimum reserves balance (General Fund) - £3.4M [2]

Borrowing and Capital

As at the 31 March 2023, the Council had external PWLB borrowing of £227.5M (£228M at 31 March 2022). The majority of this debt relates to the Housing Revenue Account (HRA) payment to the government (Self Financing for the HRA). The HRA business plan has a timetable for the repayment of this debt phased over the next 25 years.

The Council and its Group companies spent £62M on its capital programme in 2022/23; this included £29M on its existing housing stock, £16M on providing new homes, £9M on the Railway Station MSCP and £8M on other General Fund and HRA capital projects.

[2] Council Tax and General Fund Report 2023-24

The Council funded £18M of its capital programme from the sale of assets, (land and council house sales), which equates to 29%, (30% 2021/22) of the total funding. Grants and 3rd party payments made up £9M of funding (15%) in 2022/23. Contributions from the Major Repairs Reserve (MRR) totalled £24.5M (40%). The MRR is funded from the depreciation charge made from the HRA to the MRR to finance future capital investment. The residual was financed by revenue contributions to capital expenditure and internal borrowing and external borrowing.

Pension Liability

The Council participates in the Local Government Pension Scheme. The scheme is administered by Hertfordshire County Council, and the impact of the pension liability is shown on the face of the balance sheet. As at 31 March 2023, the pension liability is £3M which is a decrease of £54.9M from £57.9M at 31 March 2022.

Outlook

2022/23 was yet another successful year for the Council which saw our General Fund Services and Housing Revenue Account delivered below budget, set against the impact of a global pandemic and the backdrop of significant reduced Central Government funding since 2010/11.

We continue to work collaboratively with neighbouring councils in areas as diverse as: Building Control, Internal Audit, Procurement etc. These partnerships have importantly delivered financial savings but have also built up additional operational capacity and resilience.

The future of Local Government funding remains very uncertain. Further delays to the reviews of Fair Funding, Business Rates and New Homes Bonus have been announced. Therefore, we are still awaiting Central Government's output from the review work it has undertaken on the overall package of Local Government financing (which will include Business Rates localisation and New Homes Bonus). This uncertainty makes medium term financial planning far more challenging, coupled with the ongoing effects associated with the cost of living crisis and the ongoing impacts of the Covid-19 pandemic and how the Council recovers economically.

The Council's Transformation programme (update reported to the October 2022 Executive) is seen as the key option to seek to maintain as much as possible of the Council's remaining services by reducing the Council's financial footprint through the provision of more online services which will realise efficiency gains. This approach is deemed to be preferable to seeking year on year service cuts to meet the shortfall between funding and spend although it is likely than an element of year-on-year savings will still be required.

At the December 2022 Executive, Members approved a number of further lines of enquiry for officers to work through with a view to them potentially being brought back for consideration as part of a future savings package to ensure the on-going financial resilience of the Council, together with further Transformation options during 2023/24 to help meet the 2024/25 BTB target.

In addition, it is imperative that the Council can continue to function and deliver services which means there is a need to review its service offer and the assets held to help withstand further inflationary and unfunded pressures as Local Government continues to operate within a period of financial uncertainty.

Basis of Preparation and Presentation of the Accounts

The Council prepares its Statement of Accounts on a going concern basis, on the assumption that it will continue in existence into the foreseeable future. Disclosures are included within the Statement of Accounts based on an assessment of their materiality. A disclosure is considered material if through an omission or a misstatement, the decisions made by users of the accounts would be influenced. This could be due to the value or the nature of the disclosure.

The Council considers disclosures against an internally calculated materiality threshold which is reviewed each year. Material individual items of income and expenditure which are not disclosed on the face of the Comprehensive Income and Expenditure Statement (CIES) are considered to be significant and are disclosed in Note 2. Some disclosures are included due to their nature even if the value of transactions is not over the materiality threshold; an example of this is Note 10 Officers' Remuneration.

The assessment of materiality also influences the Council's decision to produce Group Accounts. Each year the Council assesses the entities it exerts control or significant influence over to identify which fall within the group boundary. If the value of transactions for the group as a whole is material, Group Accounts are produced. The accounts for 2022/23 therefore consolidate Queensway Properties (Stevenage) LLP and Marshgate Ltd.

Explanation of Accounting Statements

This Statement of Accounts for the year ended 31st March 2023 has been prepared and published in accordance with the Code of Practice on Local Authority Accounting 2023/24, issued by the Chartered Institute of Public Finance and Accountancy and the Accounts and Audit Regulations 2015.

The accounting policies adopted by the Council comply with the relevant recommended accounting practices and the latest revisions to these from 1 April 2022. There have been no major changes in the Council's statutory functions during the year.

The Statement of Accounts comprises Core Financial Statements and related notes along with Supplementary Financial Statements.

The Core Financial Statements are as follows:-

- The **Expenditure and Funding Analysis (EFA)**. The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, 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
- The **Comprehensive Income and Expenditure Statement (CIES)** - this shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents). Authorities raise 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 expenditure and funding analysis and the Movement in Reserves Statement.
- The **Movement in Reserves Statement (MIRS)** shows the movement from the start of the year to the end on the different reserves held by the authority, 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 (or rents) for the year. The net increase/decrease line shows the statutory General Fund balance and Housing Revenue Account (HRA) balance movements in the year following those adjustments.

- The **Balance Sheet (BS)** shows the value as at the Balance Sheet date of the assets and liabilities recognised by the council. The net assets of the council (assets less liabilities) are matched by the reserves held by the council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is 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 are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'adjustments between accounting basis and funding basis under regulations'.
- The **Cash Flow Statement** shows the changes in cash and cash equivalents of the council during the reporting period. The statement shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the council are funded by way of taxation and grant income or from the recipients of services provided by the council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the council.

The Supplementary Financial Statements are:

- The **Housing Revenue Account** – this separately identifies the Council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989.
- The **Collection Fund**, which summarises the collection and redistribution of council tax and business rates income.

The Group Accounts include:

- The statements of the single entity accounts combined with the assets and liabilities of companies and similar entities, which the Council either controls or significantly influences.

The Annual Governance Statement

- The statement sets out the governance structures of the Council and its key internal controls.

The **Notes** to these financial statements provide further detail about the Council's accounting policies and individual transactions.

A **Glossary** of key terms can be found at the end of this publication.

The **Chief Finance Officer (CFO)** is the statutory officer responsible for the proper administration of the Council's financial affairs. The CFO is required by law to confirm that the Council's system of internal controls and related governance arrangements can be relied upon to produce an accurate Statement of Accounts.

Further Information

Further information about the accounts is available from: Strategic Director (Chief Financial Officer), Stevenage Borough Council, Daneshill House, Danestrete, Stevenage, SG1 1HN.

Email: clare.fletcher@stevenage.gov.uk

Statement of Responsibilities for the Statement of Accounts

Stevenage Borough Council's Responsibilities

Stevenage Borough Council is required:

- To make arrangements for proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Strategic Director (Chief Financial Officer).
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts

The Strategic Director (Chief Financial Officer) Responsibilities

The Strategic Director (Finance and Estates) (Chief Financial Officer) is responsible for the preparation of the Council's Statement of Accounts which, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code), and is required to present a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2022. In preparation of this statement of accounts, the Strategic Director (Chief Financial Officer) 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.

The Strategic Director (Chief Financial Officer) has also:

- Kept proper accounting records which were up-to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of Chief Financial Officer

I certify that this Statement of Accounts has been prepared in accordance with Regulation 8 of the Accounts and Audit Regulations (England) 2015 and presents a true and fair view of the financial position of the Authority as at 31 March 2023 and its Comprehensive Income and Expenditure Statement for the year ended 31 March 2023.

CD Fletcher

Clare Fletcher

Strategic Director (Chief Financial Officer) 23 October 2024

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Statement of Accounts 2022/23

Expenditure and Funding Analysis

2021/22 Net expenditure chargeable to General Fund and HRA balances £'000	2021/22 Adjustments (See note 4) £'000	2021/22 Net Expenditure in the CIES[3] £'000		2022/23 Net expenditure chargeable to General Fund and HRA balances £'000	2022/23 Adjustments (See note 4) £'000	2022/23 Net Expenditure in the CIES £'000
3,494	1,157	4,651	Community Services	3,964	1,044	5,008
2,955	170	3,125	Housing Services	2,870	201	3,071
6,949	4,913	11,862	Environmental Services	6,371	6,488	12,859
61	-	61	Local Community Budgets	61	-	61
(783)	1,460	677	Resources	(1,386)	2,931	1,545
165	2,639	2,804	Resources - Support	657	1,469	2,126
(11,019)	1,311	(9,708)	Housing Revenue Account	(8,170)	1,316	(6,854)
1,822	**11,650**	**13,472**	**Net Cost of Services**	**4,367**	**13,449**	**17,816**
-	(8,934)	(8,934)	Other Operational Expenditure	-	(9,289)	(9,289)
5,278	116	5,394	Financing & Investment Income and Expenditure	4,412	1,139	5,551
(5,866)	(15,243)	(21,109)	Taxation & Non-Specific Grant Income: Other	(6,016)	(15,381)	(21,397)
1,234	**(12,411)**	**(11,177)**	**(Surplus) or Deficit on Provision of Services**	**2,763**	**(10,082)**	**(7,319)**
(31,745)			**Opening General Fund and HRA balance**	**(35,052)**		
1,234			Less / plus surplus or (deficit) on General Fund and HRA balance in Year	2,763		
2,058			Other Adjustments non-CIES	1,446		
(6,599)			Transfer to / (from) Earmarked Reserves	14,370		
(35,052)			**Closing General Fund and HRA balance at 31 March[4]***	**(16,473)**		

[3] CIES – Comprehensive Income and Expenditure Statement

[44] For a split of this balance between the General Fund and the HRA – see

Comprehensive Income & Expenditure Statement for the year ended 31 March 2023

2021/22					2022/23		
Gross Expenditure £'000	**Gross Income £'000**	**Net Expenditure £'000**	**Comprehensive Income and Expenditure Statement**	**Note**	**Gross Expenditure £'000**	**Gross Income £'000**	**Net Expenditure £'000**
6,072	(1,421)	4,651	Community Services		7,193	(2,185)	5,008
27,187	(24,062)	3,125	Housing Services		25,841	(22,770)	3,071
19,778	(7,916)	11,862	Environmental Services		21,869	(9,010)	12,859
61	-	61	Local Community Budgets		61	0	61
9,220	(8,543)	677	Resources		15,652	(14,107)	1,545
5,579	(2,775)	2,804	Resources - Support		4,825	(2,699)	2,126
34,894	(44,602)	(9,708)	Housing Revenue Account		39,130	(45,984)	(6,854)
102,791	**(89,319)**	**13,472**	**Net Cost of Services**		**114,571**	**(96,755)**	**17,816**
		(8,934)	Other Operational Expenditure	6			(9,289)
		5,394	Financing & Investment Income and Expenditure	7			5,551
		(21,109)	Taxation & Non-Specific Grant Income and Expenditure	8			(21,397)
		(11,177)	**(Surplus) or Deficit on Provision of Services**				**(7,319)**
		(9,267)	(Surplus) or Deficit on revaluation of Property, Plant and Equipment assets	□			2,786
		(10,163)	Remeasurement of the net defined benefit liability / (asset)	29			(61,031)
		(19,430)	**Other Comprehensive Income and Expenditure**				**(58,245)**
		(30,607)	**Total Comprehensive Income and Expenditure**				**(65,564)**

Movement in Reserves Statement

Movement in Reserves Statement

Movements in Reserves during 2022/23	General Fund Balance £'000	HRA £'000	Earmarked General Fund Reserves £'000	Earmarked HRA Reserve £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 1 April 2022	**(6,908)**	**(28,144)**	**(8,430)**	**(3,587)**	**(22,874)**	**(19,128)**	**(5,480)**	**(94,551)**	**(531,083)**	**(625,634)**
Movement in Reserves during 2022/23										
Total Comprehensive Expenditure and Income	2,186	(9,505)	-	-	-	-	-	(7,319)	(58,245)	(65,564)
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 12)	1,642	9,886		-	11,376	4,680	(792)	26,792	(26,792)	-
Transfer to/from Reserves	(2,874)	17,244	2,874	(17,244)		-	-	-	-	-
(Increase)/Decrease in Year 2022/23	**954**	**17,625**	**2,874**	**(17,244)**	**11,376**	**4,680**	**(792)**	**19,473**	**(85,037)**	**(65,564)**
Balance at 31 March 2023 Carried Forward	**(5,954)**	**(10,519)**	**(5,556)**	**(20,831)**	**(11,498)**	**(14,448)**	**(6,272)**	**(75,078)**	**(616,120)**	**(691,198)**

Movement in Reserves Statement (continued)

Movements in Reserves during 2021/22	General Fund £'000	HRA £'000	Earmarked General Fund Reserves £'000	Earmarked HRA Reserve £'000	Major Repairs Reserve £'000	Capital Receipts £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 1 April 2021	**(6,401)**	**(25,344)**	**(15,193)**	**(3,423)**	**(14,371)**	**(11,958)**	**(3,753)**	**(80,443)**	**(514,584)**	**(595,027)**
Movement in Reserves during 2021/22										
Surplus/Deficit on Provision of Services	(2,209)	(8,968)						(11,177)	-	(11,177)
Other Comprehensive Income and Expenditure								-	(19,430)	(19,430)
Total Comprehensive Expenditure and Income	**(2,209)**	**(8,968)**	**-**	**-**	**-**	**-**	**-**	**(11,177)**	**(19,430)**	**(30,607)**
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 12)	8,467	6,004		-	(8,505)	(7,170)	(1,726)	(2,930)	2,930	-
Net (Increase)/Decrease before Transfers to Reserves	**6,258**	**(2,964)**	**-**	**-**	**(8,505)**	**(7,170)**	**(1,726)**	**(14,108)**	**(16,500)**	**(30,607)**
Transfer to/from Reserves	(6,763)	164	6,763	(164)		-	-	-	-	-
(Increase)/Decrease in Year 2021/22	**(506)**	**(2,800)**	**6,763**	**(164)**	**(8,505)**	**(7,170)**	**(1,726)**	**(14,108)**	**(16,500)**	**(30,607)**
Balance at 31 March 2022 Carried Forward	**(6,908)**	**(28,144)**	**(8,430)**	**(3,587)**	**(22,874)**	**(19,128)**	**(5,480)**	**(94,551)**	**(531,083)**	**(625,634)**

Balance Sheet

31/03/2022 £'000		Note	31/03/2023 £'000	£'000
844,229	Property, Plant & Equipment	17	878,025	
483	Heritage Assets	0	450	
24,928	Investment property	18	25,500	
819	Intangible Assets	19	777	
7,310	Long Term Investment	22	2,310	
11,446	Long Term Debtors	24	12,217	
16,918	Long Term Debtor - Queensway	24	22,370	
906,133	**Total Long Term Assets**			**941,649**
55,133	Short Term Investments	22	31,600	
2,682	Assets Held for Sale	27	1,790	
214	Inventories		288	
9,188	Short Term Debtors	24	9,782	
6,357	Cash and Cash Equivalents	25	9,708	
73,574	**Current Assets**			**53,168**
(590)	Short Term Borrowing	22	(236)	
(36,681)	Short Term Creditors	26	(36,675)	
(7,249)	Provisions	28	(5,352)	
(44,520)	**Current Liabilities**			**(42,263)**
(10,946)	Queensway Finance Lease	22	(16,488)	
(6,665)	Long term creditors	26	(8,087)	
(227,485)	Long term borrowing	22	(227,487)	
(5,973)	Long term borrowing (Queensway)	22	(5,882)	
(57,946)	Pension Liability	29	(3,007)	
(538)	Grants Receipts in Adv - Capital	26	(405)	
(309,553)	**Long Term Liabilities**			**(261,356)**
625,634	**Net Assets**			**691,198**
(6,908)	General Fund		(5,954)	
(28,144)	HRA Fund		(10,519)	
(8,430)	Earmarked General Fund Reserves	13	(5,556)	
(3,587)	Earmarked HRA Reserve	13	(20,831)	
(47,482)	Other Usable Reserves		(32,218)	
(94,551)	**Total Usable Reserves**			**(75,078)**
(531,083)	Unusable Reserves	15		(616,120)
(625,634)	**Total Reserves**			**(691,198)**

These financial statements are authorised by Clare Fletcher – Strategic Director (Chief Financial Officer) on 23 October 2024.

CD Fletcher

Clare Fletcher

Cash Flow Statement for the year ended 31 March 2023

2021/22 £'000	Cash Flow Statement	Notes	2022/23 £'000
(11,177)	Net (Surplus) or Deficit on the Provision of Services		(7,319)
(32,868)	Adjustments to Net (Surplus) or Deficit on the provision of Services for Non-Cash Movements		(24,177)
28,026	Adjustments for items in the Net (Surplus) or Deficit on the Provision of Services that are Investing or Financing Activities		19,070
(16,019)	**Net cash flows from Operating Activities**	**30**	**(12,426)**
35,831	Investing Activities	31	14,256
(8,665)	Financing Activities	31	(5,181)
11,147	**Net (Increase) or Decrease in Cash and Cash Equivalents**		**(3,351)**
17,504	Cash and cash equivalents at the beginning of the period		6,357
6,357	**Cash and Cash Equivalents at the End of Period**	**25**	**9,708**

Please be aware that there may be minor rounding differences in some of these notes.

1. Statement of accounting policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting these financial statements. These can be reviewed in detail in Note 34 Accounting Policies.

2. Material items of Income and Expenditure

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to the understanding of the Council's financial performance.

Material items of capital income and expenditure:

The Council spent £62Million on its capital programme in 2022/23; this included £29Million on its existing housing stock, £16Million on providing new homes, £9Million on the Railway Station MSCP and £7.8Million on other General Fund and HRA capital projects.

3. Events after the Balance Sheet Date

Events after the Balance Sheet date are reflected up to the 'authorised for issue 'date. These accounts have been authorised for issue on 23 October 2024 by the Strategic Director (Chief Financial Officer). Events taking place after this date are not reflected in the Financial Statements or notes. Where events taking place before this date provide information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

4. Note to the Expenditure and Funding Analysis

2021/22					2022/23			
Adjustments for Capital Purposes (a)	Net Change for Pensions Adjustments (b)	Other Differences (c)	Total Adjustments		Adjust-ments for Capital Purposes (a)	Net Change for Pensions Adjustments (b)	Other Differences (c)	Total Adjust-ments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
764	367	26	1,157	Community Services	645	426	(27)	1,044
5	171	(6)	170	Housing Services	5	196		201
3,650	1,289	(26)	4,913	Environmental Services	5,187	1,336	(35)	6,488
-	-	-	-	Local Community Budgets	-	-	-	-
1,431	25	4	1,460	Resources	2,873	57	2	2,932
1,459	1,193	(13)	2,639	Resources - Support	500	1,101	(133)	1,468
-	1,329	(18)	1,311	Housing Revenue Account	-	1,340	(24)	1,316
7,309	**4,374**	**(33)**	**11,650**	**Net Cost of Services**	**9,210**	**4,456**	**(217)**	**13,449**
(20,477)	1,301	(4,885)	(24,061)	Other income and expenditure from the expenditure and funding analysis	(19,583)	1,636	(5,584)	(23,531)
(13,168)	**5,675**	**(4,918)**	**(12,411)**	**Difference between General Fund surplus or deficit and CIES surplus or deficit on the provision of services**	**(10,373)**	**6,092**	**(5,801)**	**(10,082)**

a) **An adjustment for Capital purposes,** this column adds in depreciation and impairment and revaluation gains and losses in the service line, and for:

- For other operating expenditure, it adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- For financing and investment income and expenditure, it adjusts for the statutory charges for capital financing and investment i.e., Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- For taxation and non-specific grant income and expenditure, capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivables in the year to those received without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

b) **Net change for the Pensions adjustments,** this column adjusts for the net change for the renewal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income.

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

c) **Other (statutory) differences** between amounts debited / credited to the CIES and Expenditure Statement and amounts payable / receivable to be recognised under statute.

- For services, this represents removal of the annual leave accrual adjustment.
- For financing and investment income and expenditure the other differences column recognises adjustments to General Fund for the timing differences for premiums and discounts and financial instruments.
- The charge under taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and Non-Domestic Rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference, as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

5. Expenditure and Income Analysis by Nature

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

2021/22 £'000		2022/23 £'000
	Income	
(20,802)	Fees, charges and other service income	(26,168)
(1,031)	Interest and Investment Income	(2,557)
(21,857)	Income from Council Tax & Non-Domestic Rates (before tariff)	(25,932)
(14,676)	Government Grants and Contributions	(12,458)
(500)	Covid grants received	-
(39,788)	Housing Rents	(40,959)
(3,148)	Car Parks	(3,799)
(8,382)	Rent Allowances Subsidy	(8,181)
(12,715)	Rent Rebate Subsidy	(12,024)
(3,228)	Garage Rental Income	(3,424)
(3,438)	Commercial Property Rent	(4,974)
(129,565)	**Total Income**	**(140,476)**
	Expenditure	
39,980	Employee Benefits Expenses	39,671
20,564	Other Services and Support Recharges Expenses	31,196
18,247	Depreciation, Amortisation, Impairment	25,177
9,171	Interest Payments	8,171
15,926	NNDR Tariff	16,991
864	Payments to Housing Capital Receipts Pool	-
1,860	(Gain)/ Loss on the Revaluation of assets	-
(9,908)	(Gain)/Loss on the Disposal of Assets	(9,289)
9,148	Rent Allowances Rebates	9,237
12,536	Rent Rebates	12,003
118,388	**Total Expenditure**	**133,157**
(11,177)	**Surplus/Deficit on the Provision of Services**	**(7,319)**

6. Other Operating Expenditure

2021/22 £'000	Other Operating Expenditure	2022/23 £'000
864	Payments to the Government Housing Capital Receipts Pool	-
(9,798)	(Gains)/losses on the disposal of non-current assets	(9,289)
(8,934)	**Total**	**(9,289)**

7. Financing and Investment Income and Expenditure

2021/22		2022/23	
£'000		£'000	£'000
7,880	Interest payable & similar charges		8,171
1,291	Net interest on the net defined benefit liability (asset)		1,623
(1,031)	Interest receivable & similar income		(2,557)
(2,710)	Income and expenditure in relation to investment properties and changes in their fair value		(1,830)
(36)	Other investment income and expenditure (indoor Market)		144
5,394	**Total**		**5,551**

8. Taxation and Non Specific and Specific Grant Income

2021/22 £'000		2022/23 £'000
	Grants, Contributions credited to Taxation and Non Specific Grant Income	
6,157	Council Tax	6,367
(226)	NNDR Retained income and expenditure	2,574
3,719	s31 Grant	2,208
500	Covid Grants	-
879	Other Non-Ringfenced Government grants	449
139	Community Infrastructure Levy	419
9,941	Other Capital Contributions	9,380
21,109	**Total Grants, Contributions credited to Taxation and Non Specific Grant Income**	**21,397**

2021/22 £'000		2022/23 £'000
	Credited to Services	
21,423	Housing Benefit Subsidy and administration grants	20,204
1,666	Other Housing and homelessness grants and contributions	1,610
-	Local Digital Future Councils	750
1,272	Covid Grants	-
296	Other	627
24,657	**Total Grants, Contributions credited to Services**	**23,191**

9. Members Allowances

Total expenditure on Members' allowances (including expenses), as made under the Local Authorities (Members' Allowances) Regulations 2003, was £490,882 in 2022/23 (£472,075 in 2021/22).

Payments made outside the scheme for Mayoral Allowances totalled £17,882 in 2022/23 (£17,548 in 2021/22).

10. Officers Remuneration

The remuneration paid to the Council's senior employees is as follows:-

	Salary, Fees and Allowances	Expenses Allowance	Total Remuneration (excluding pension contributions)	Pension Contributions.	Total Remuneration Inc. Pension Contributions
	£	£	£	£	£
Remuneration 2022/23					
Chief Executive	128,918	566	**129,484**	**37,669**	**167,153**
Strategic Director and Deputy Chief Executive	108,212	153	**108,365**	**30,300**	**138,665**
Strategic Director (s151 Officer)	105,777	-	**105,777**	**29,618**	**135,395**
Strategic Director	98,477	-	**98,477**	**27,574**	**126,051**
Total remuneration in 2022/23	**441,384**	**719**	**442,103**	**125,161**	**567,264**
Remuneration 2021/22					
Chief Executive	126,993	403	**127,396**	37,948	**165,344**
Strategic Director and Deputy Chief Executive	106,207	443	**106,650**	29,738	**136,388**
Strategic Director (s151 Officer)	103,852	300	**104,152**	29,078	**133,230**
Strategic Director	96,552	447	**96,999**	27,035	**124,034**
Total remuneration in 2021/22	**433,604**	**1,593**	**435,197**	**123,799**	**558,996**

The number of other Council employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) is detailed below:
Officer remuneration includes redundancy and severance payments made to officers on termination of employment during the year.

Remuneration Band *	Number of employees 2021/22	Number of employees 2022/23
£50,000 - £54,999	26	23
£55,000 - £59,999	9	12
£60,000 - £64,999	1	5
£65,000 - £69,999	-	3
£70,000 - £74,999	3	2
£75,000 - £79,999	1	1
£80,000 - £84,999	3	2
£85,000 - £89,999	-	-
£90,000 - £94,999	-	1
Total	**43**	**49**

The number of exit packages with total costs per band and total costs of the compulsory and other redundancies are set out in the table below.

2022/23 Exit package cost band (including special payments)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total Cost of exit packages in each band
£0 - £39,999	4	-	4	£109,153
£40,000 - £49,999	1	-	1	£40,628
£50,000 - £149,999	1	-	1	£63,012
Total	**6**	**-**	**6**	**£212,793**

2021/22 Exit package cost band (including special payments)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total Cost of exit packages in each band
£0 - £39,999	5	1	6	£72,363
£40,000 - £49,999	-	-	-	-
£50,000 - £149,999	-	-	-	-
Total	**5**	**1**	**6**	**£72,363**

11. External Audit Costs

The Council has incurred fees in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections. The estimated fees payable for audit work in respect of the 2022/23 financial year are shown in the table below. The appointed auditor for 2022/23 is Ernst & Young LLP.

The 2022/23 audit fee has yet to be agreed but has been estimated based on the 21/22 audit fee as shown in the table below.

2021/22 £'000	Fees Payable	2022/23 £'000
122	Fees payable to the External Auditor with regard to external audit services carried out by the appointed auditor for the year.	134
36	Fees payable to External Auditor for other services provided for the year.	37
158		**171**

12. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against:

The **General Fund Balance** is the statutory fund into which all the receipts of the Council are required to be paid and, out of which, liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover). Stevenage Borough Council is a housing authority and as such General Fund Balances are not available to fund HRA services or vice versa.

The **Housing Revenue Account Balance** reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function. The Localism Act 2011 (Part VII) introduced the self-financing regime with Councils now able to keep the rent they collect and use it locally to maintain their social homes. As part of the new regime depreciation is now a real cost to the HRA and is transferred to the Major Repairs Reserve to finance future capital investment.

The Council is required to maintain the **Major Repairs Reserve** (MRR), which controls an element of the capital resources required to be used on HRA assets or capital financing purposes. Under the arrangements in the Self Financing HRA, to establish resources available on an annual basis in the Major Repairs Reserve, the regulations require the reserve to be credited with an amount equal to the total depreciation charges for all HRA assets. The balance shows the capital resources that are available and planned to be used for future years capital programme.

The **Capital Receipts Reserve** holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end. Part of the reserve can only be used towards the provision of additional council homes schemes and this was restricted to a maximum of 40% of scheme costs and the length of time to spend five years. On 31 March 2023, the Department for Levelling Up, Housing and Communities (DLUHC) flexed the rules allowing councils to retain 100% of these receipts for 2022-23 and 2023/24.

The **Capital Grants Unapplied** Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to capital expenditure. The balance is restricted by grant terms as to the capital expenditure to which it can be applied and/or the financial year in which this can take place.

2022/23 Adjustments between Accounting Basis and Funding Basis Under regulations

	Usable Reserves					
	General Fund Balance (see note 4)	Housing Revenue Account (see note 4)	Capital Receipts reserve	Major Repairs Reserve	Capital Grants Unapplied	Unusable Reserves
Adjustments to the revenue resources: *Adjustments by which income and expenditure included in the Comprehensive Income & Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements*	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Pensions costs (transferred to / from the pensions reserve)	(4,265)	(1,826)	-	-	-	**6,091**
Council tax and NDR (transfers to or from collection fund adjustment account)	5,619	-	-	-	-	**(5,619)**
Holiday pay (transferred to the accumulated absences reserve)	194	24	-	-	-	**(218)**
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):	(12,235)	(13,156)	-	-	-	**25,391**
Total adjustment to revenue resources	**(10,687)**	**(14,958)**	**-**	**-**	**-**	**25,645**
Adjustments between revenue and capital resources						
Transfer of non-current asset sale proceeds from revenue to capital grants and receipts unapplied	3,377	9,695	(13,072)	-	-	**-**
Transfer of capital grants and contributions to capital grants unapplied	8,454	1,045	-	-	(9,269)	**(230)**
Payments to the government housing receipts pool (funded by a transfer from the capital receipts reserve)	-	-	-	-	-	**-**
Posting of HRA resources from revenue to the major repairs reserve	-	13,156	-	(13,156)	-	**-**
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	215	-	-	-	-	**(215)**
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)	283	948	-	-	-	**(1,231)**
Total adjustments between revenue and capital resources	**12,329**	**24,844**	**(13,072)**	**(13,156)**	**(9,269)**	**(1,676)**
Adjustments to capital resources						
Use of the capital receipts reserve to finance capital expenditure	-	-	17,752	-	-	**(17,752)**
Use of the major repairs reserve to finance capital expenditure	-	-	-	24,532	-	**(24,532)**
Application of capital grants to finance capital expenditure	-	-	-	-	8,477	**(8,477)**
Cash payments in relation to deferred capital receipts	-	-	-	-	-	**-**
Total adjustments between revenue and capital resources	-	-	17,752	24,532	8,477	**(50,761)**
TOTAL ADJUSTMENTS	**1,642**	**9,886**	**4,680**	**11,376**	**(792)**	**(26,792)**

2021/22 Adjustments between Accounting Basis and Funding Basis Under regulations

	Usable Reserves					
	General Fund Balance (see note 4)	Housing Revenue Account (see note 4)	Capital Receipts reserve	Major Repairs Reserve	Capital Grants Unapplied	Unusable Reserves
Adjustments to the revenue resources:	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Adjustments by which income and expenditure included in the Comprehensive Income & Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements						
Pensions costs (transferred to / from the pensions reserve)	(3,951)	(1,724)	-	-	-	**5,675**
Council tax and NDR (transfers to or from collection fund adjustment account)	4,888	-	-	-	-	**(4,888)**
Holiday pay (transferred to the accumulated absences reserve)	14	17	-	-	-	**(31)**
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):	(11,570)	(14,894)	-	-	-	**26,464**
Total adjustment to revenue resources	**(10,619)**	**(16,601)**	**-**	**-**	**-**	**27,220**
Adjustments between revenue and capital resources						
Transfer of non-current asset sale proceeds from revenue to capital grants and receipts unapplied	11,212	6,723	(17,935)	-	-	**-**
Transfer of capital grants and contributions to capital grants unapplied	6,542	3,549	-	-	(9,814)	**(277)**
Payments to the government housing receipts pool (funded by a transfer from the capital receipts reserve)	-	-	-	-	-	**-**
Posting of HRA resources from revenue to the major repairs reserve	-	12,333	-	(12,333)	-	**-**
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	195	-	-	-	-	**(195)**
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)	1,862	-	-	-	-	**(1,862)**
Total adjustments between revenue and capital resources	**19,811**	**22,605**	**(17,935)**	**(12,333)**	**(9,814)**	**(2,334)**
Adjustments to capital resources						
Use of the capital receipts reserve to finance capital expenditure	-	-	9,726	-	-	**(9,726)**
Use of the major repairs reserve to finance capital expenditure	(864)	-	864	3,828	-	**(3,828)**
Application of capital grants to finance capital expenditure	139	-	-	-	8,088	**(8,227)**
Cash payments in relation to deferred capital receipts	-	-	175	-	-	**(175)**
Total adjustments between revenue and capital resources	(725)	-	10,765	3,828	8,088	**(21,956)**
TOTAL ADJUSTMENTS	**8,467**	**6,004**	**(7,170)**	**(8,505)**	**(1,726)**	**2,930**

13. Movements in Earmarked Reserves

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

Earmarked Reserves:	Balance as at 1 April 2021	Transfer Out 2021/22	Transfer In 2021/22	Balance as at 31 March 2022	Transfer Out 2022/23	Transfer In 2022/23	Balance as at 31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund:							
Regeneration SG1	**746**	(404)	39	**381**	(200)	84	**265**
Housing & Planning Delivery Grant	**65**	(3)	-	**62**	0	103	**165**
New Homes Bonus	**469**	(355)	365	**479**	(235)	8	**252**
Regeneration Assets	**1,018**	(413)	45	**649**	(108)	517	**1,058**
Town Centre	**81**	(39)	-	**42**	(30)	-	**12**
Capital Reserve	**1,328**	(1,534)	250	**44**	(24)	-	**20**
Insurance Mitigation	**76**	(11)	-	**65**	(13)	25	**77**
Income equalisation Reserve	**8**	-	250	**258**	-	200	**458**
NNDR Collection Fund	**10,703**	(6,388)	323	**4,638**	(3,984)	-	**654**
Homelessness Prevention	**370**	(38)	214	**546**	(116)	-	**430**
Transformation	**330**	-	176	**506**	-	208	**714**
IT	-	-	316	**316**	(122)	133	**327**
Leisure Risk	-	-	363	**363**	(213)	-	**150**
Commercial Property	-	-	41	**41**	-	-	**41**
Queensway Parking	-	-	40	**40**	-	40	**80**
Asylum seekers	-	-	-	**-**	-	50	**50**
Digital Reserves	-	-	-	**-**	-	750	**750**
Stevenage Works	-	-	-	**-**	-	53	**53**
Total	**15,193**	**(9,185)**	**2,422**	**8,430**	**(5,045)**	**2,171**	**5,556**
HRA Fund:							
Interest equalisation	**3,423**	-	-	**3,423**	-	-	**3,423**
Transformation	**-**	-	**164**	**164**	-	**44**	**208**
Debt Repayment Reserve	**-**	-	-	**-**	-	**17,200**	**17,200**
Total	**3,423**	**0**	**164**	**3,587**	**0**	**17,244**	**20,831**

The Council maintains a number of earmarked (usable) reserves, for capital projects and revenue projects.

- **Regeneration SG1 -**This reserve has been established to help fund the regeneration plans for Stevenage.
- **Housing and Planning Delivery Grant -** The Council received monies from the Government designed to incentivise housing growth and the underlying planning requirement to allocate land and put development plans in place. Due to the nature of the work the expenditure is often not aligned to the pattern of grant received.
- **New Homes Bonus -** The New Homes Bonus scheme commenced in April 2011. The scheme gives Councils a financial reward for new homes and properties brought back into

use. The level of new homes bonus reserve balances are used to fund some legacy co-operative neighbourhood schemes such as playground improvements.

- **Regeneration Assets -** This reserve contains the ring fenced surplus/deficit from the management and maintenance of the regeneration assets held in the town centre and will be used to cover any future fluctuations in costs or rental stream, any balances remaining will be used to help repay any debt outstanding and/or contribute towards the regeneration costs for the Town Centre.
- **Town Centre -**This reserve contains the ring fenced surplus/deficit from the Town Centre management service and will be used fund activities and management in the Town Centre.
- **Capital Reserve -** This reserve was set up in 2013/14 as part of the Council's Integrated Financial Planning Process and funds capital projects. It was set up to reduce the Council's use of prudential borrowing to fund capital projects and the associated borrowing costs.
- **Insurance Mitigation -** This reserve was set up in 2016/17 to fund proactive works to reduce insurance claims against the Council.
- **Income Equalisation –**The Council's General Fund is funded from significant income streams and the reserve has been set up to absorb in-year income fluctuations if required.
- **NNDR Collection Fund -**This reserve was set up in 2013/14 to meet any adverse impact on the General Fund arising from any losses in NNDR income above the government's safety net rules. This reserve also now includes in year business rate gains until realised at the yearend, (rather than assumed within the General Fund balances). In addition for 2021/22 the reserve include £9.1Million of balances brought forward due to be returned to the Collection Fund in 2022/23-2022/23 as a result of the level of business rate reliefs granted to hospitality and retail businesses by the Government and COVID losses. .
- **Homelessness Prevention -** This reserve was set up in 2019/20 to fund preventative homelessness schemes in future years.
- **Transformation and IT**- These reserves are to fund future service improvements aimed at ensuring the medium/long term financial sustainability of the council.
- **Leisure –** this reserve is for utility and other cost pressures relating to the leisure service and was created from monies returned from the leisure COVID provision.
- **Commercial Property -** this reserve has been set up in 2022/23 to enable minor works to be carried out on the Council's neighbourhood shops and other commercial assets.
- **Queensway Parking -** This reserve contains the ring fenced parking income from QLLP and will be held for any future monies required for the assets held within the LLP.
- **Revenue Grants – Asylum seekers and Digital Reserves -** reserve set aside from grants received to cover costs of these schemes in future years.
- **Stevenage Works** - contractor contributions received set aside to fund relevant works in the future.
- **HRA Debt Repayment reserve –** to cover costs of PWLB (HRA) debt repayments falling due in the next 5 years.

14. Useable Reserves

The movement on useable reserves can be found in the Movement in Reserves Statement.

15. Unusable Reserves

			Adjustments between Accounting and Funding Basis 2022/23			
Unusable Reserves:	**Opening Balance 1 April 2022**	**Other Comprehensive Income and Expenditure 2022/23**	**Adjustments to Revenue Resources**	**Capital and Revenue Financing**	**Other Movements**	**Closing Balance 31 March 2023**
	£'000	£'000	£'000	£'000	£'000	£'000
Revaluation Reserve	(130,720)	2,786	-	-	(26)	(127,960)
Capital Adjustment Account	(450,672)	-	31,971	(53,691)	26	(472,366)
Deferred Capital Receipts Reserve	(11,930)	-	-	(5,327)	-	(17,257)
Pensions Reserve	57,946	(61,031)	6,092	-	-	3,007
Collection Fund Adjustment Account	3,578	-	(5,619)	-	-	(2,041)
Accumulated Absences Account	715	-	(218)	-	-	497
Total Unusable Reserves	**(531,083)**	**(58,245)**	**32,226**	**(59,018)**	**-**	**(618,120)**

			Adjustments between Accounting and Funding Basis 2021/22			
Unusable Reserves:	**Opening Balance 1 April 2021**	**Other Comprehensive Income and Expenditure 2021/22**	**Adjustments to Revenue Resources**	**Capital and Revenue Financing**	**Other Movements**	**Closing Balance 31 March 2022**
	£'000	£'000	£'000	£'000	£'000	£'000
Revaluation Reserve	(124,343)	(9,267)	-	-	2,890	(130,720)
Capital Adjustment Account	(450,576)	-	26,684	(24,124)	(2,656)	(450,672)
Deferred Capital Receipts Reserve	(11,544)	-	-	(386)	-	(11,930)
Pensions Reserve	62,434	(10,163)	5,675	-	-	57,946
Collection Fund Adjustment Account	8,466	-	(4,888)	-	-	3,578
Accumulated Absences Account	535	-	(31)	-	211	715
Total Unusable Reserves	**(515,028)**	**(19,430)**	**27,440**	**(24,510)**	**445**	**(531,083)**

Unusable Reserves are held for the following reasons:

- **The Revaluation Reserve** contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment (and intangible assets). The balance is reduced when assets with accumulated gains are:
  - 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 Reserve only contains revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

- **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 additions to those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. 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 Property and gains recognised as 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 the Revaluation Reserve was created to hold such gains.

- **The Deferred Capital Receipts Reserve** holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2021/22 £'000		**2022/23 £'000**
(11,544)	**Balance as at 1 April**	**(11,930)**
(561)	New deferred receipts	(5,803)
175	Amounts received in year & available for funding	476
(11,930)	**Balance as at 31 March**	**(17,257)**

- **The Pension 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 authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to the pension fund or eventually pay any pensions for which it is directly responsible. The debit balance on the Pension 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. **The Collection Fund Adjustment Account** manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

- **The Accumulated Absences Account** absorbs the difference that would otherwise arise on the General Fund and HRA Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require the impact is neutralised by transfers to or from the Account.

16. Heritage Assets

	Town Centre £'000	War Memorial £'000	Exhibits £'000	Civic Regalia £'000	Total Assets £'000
Cost or Valuation					
At 1 April 2022 at Cost	**833**	**53**			**886**
At 1 April 2022 at Insurance Valuation	**-**	**-**	**200**	**53**	**253**
At 31 March 2023	**833**	**53**	**200**	**53**	**1,139**
Accumulated Depreciation & Impairment					
At 1 April 2022	**(606)**	**(50)**	**-**	**-**	**(656)**
Depreciation charge	(33)	-	-	-	(33)
At 31 March 2023	**(639)**	**(50)**	**-**	**-**	**(689)**
Net Book Value					
At 31 March 2023	**194**	**3**	**200**	**53**	**450**
At 31 March 2022	**227**	**3**	**200**	**53**	**483**

Movement 2021/22	Town Centre £'000	War Memorial £'000	Exhibits £'000	Civic Regalia £'000	Total Assets £'000
Cost or Valuation					
At 1 April 2021 at Cost	**833**	**53**			**886**
At 1 April 2021 at Insurance Valuation	**-**	**-**	**200**	**53**	**253**
At 31 March 2022	**833**	**53**	**200**	**53**	**1,139**
Accumulated Depreciation & Impairment					
At 1 April 2021	**(574)**	**(44)**	**-**	**-**	**(618)**
Depreciation charge	(32)	(6)	-	-	(38)
At 31 March 2022	**(606)**	**(50)**	**-**	**-**	**(656)**
Net Book Value					
At 31 March 2022	**227**	**3**	**200**	**53**	**483**
At 31 March 2021	**259**	**9**	**200**	**53**	**521**

The Council's collections of heritage assets, valued above are categorised as follows:

Town Square including Clock Tower: The town square includes the water feature and clock tower, the clock tower is a Grade II listed building.

War memorial: The Council has a war memorial classified as a heritage asset and is valued at historic cost on the balance sheet.

Museum Collection: The museum collections include paintings, local history archives, Roman coin hoard from Chells, clocks, a bible from 1754 and a Chalice from 1572 from St Mary's in Aston. These items are reported as at their insurance valuation. The Council maintains an inventory of this collection however there is no readily available valuation of individual items. The Council believes that the benefits of obtaining a valuation for these

Items to the user of the accounts would not justify the cost given the specialised nature of this archive. Items that form the museum collection are deemed to have indeterminate lives, therefore the Council does not consider it appropriate to depreciate these assets.

Civic Regalia: The Council holds civic regalia for use by the mayor and mayoress for official ceremonial purposes. These are reported at insurance valuation. Due to the nature of these assets the Council does not deem it appropriate to depreciate these assets.

Other Heritage Assets

Archaeological Sites including Six Hills Burial Site: The Council does not consider that reliable cost or valuation information can be obtained for its archaeological site at Six Hills Burial site. This is because of the diverse nature of the asset held and lack of comparable market values, consequently the Council does not recognise these assets on the balance sheet.

Public Art and Cultural Artefacts: The Council has a number of public art works around the borough. There is no readily available valuation held by the Council for statues, sculptures, public work of art or cultural artefacts as no definitive market value for these types of assets exist as they are not normally traded. The Council believes that the benefits of obtaining a valuation for these items to the user of the accounts would not justify the cost given the specialised nature of these assets, as such the Council has not recognised these assets on the balance sheet.

17. Property, Plant and Equipment

Movement on Balances

31-Mar-21 £'000	Property, Plant and Equipment	31-Mar-22 £'000
1,725	Infrastructure Assets	1,625
842,504	Other Property, Plant and Equipment	876,400
844,229	**Total**	**878,025**

Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this may not faithfully represent the asset position to the users of the financial statements. The council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation may not be measured accurately and may not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

Movement of Infrastructure Assets in 2022/23

2021/22 £'000	Movements in 2022/23	2022/23 £'000
3,004	**Net Book Value at 1 April**	**1,725**
197	Additions	92
(824)	Other movements in cost or valuation	-
(652)	Depreciation charge	(192)
1,725	**Net Book Value at 31 March**	**1,625**

Other Property, Plant and Equipment

Movement in 2022/23	Council Dwellings	Other Land & Buildings	Vehicles, Plant, & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Other Property, Plant & Equipment
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
At 1 April 2022	**724,331**	**113,984**	**10,330**	**5,710**	**383**	**38,466**	**893,204**
Additions	30,014	4,056	928	385	-	25,596	**60,979**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(15,291)	2,937	-	-	-	-	**(12,354)**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(5,554)	-	-	-	-	**(5,554)**
Derecognition - Disposals	(2,902)	(3)	(52)	-	-	-	**(2,957)**
Derecognition - Other	-	-	-	-	-	-	**-**
Assets reclassified (to)/from held for sale	1,987	7,933	2,231	-	7	(12,655)	**(497)**
Other movements in Cost or Valuation	-	75	-	824	-	-	**899**
At 31 March 2023	**738,139**	**123,428**	**13,437**	**6,919**	**390**	**51,407**	**933,720**
Accumulated Depreciation & Impairment							
At 1 April 2022	**(43,872)**	**(391)**	**(4,880)**	**(1,556)**	**-**	**(2)**	**(50,701)**
Depreciation charge	(12,738)	(2,204)	(1,553)	(152)	-	-	**(16,647)**
Depreciation written out to Revaluation Reserve	-	775		-	-	-	**775**
Depreciation written out to the Surplus/Deficit on the Provision of Services	7,691	1,831	-	-	-	-	**9,522**
Assets reclassified (to)/from Assets Under Construction	-	-	-	-	-	-	**-**
Derecognition - Disposals	563	-	-	-	-	-	**563**
Derecognition - Other	-	(11)	1	(824)	-	2	**(832)**
At 31 March 2023	**(48,356)**	**0**	**(6,432)**	**(2,532)**	**-**	**-**	**(57,320)**
Net Book Value							
At 31 March 2023	**689,783**	**123,428**	**7,005**	**4,387**	**390**	**51,407**	**876,400**
At 1 April 2022	**680,459**	**113,593**	**5,450**	**4,154**	**383**	**38,464**	**842,504**

Movement in 2021/22	Council Dwellings	Other Land & Buildings	Vehicles, Plant, & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
At 1 April 2021	**701,676**	**110,205**	**25,856**	**4,659**	**383**	**33,176**	**875,955**
Additions	25,865	6,237	1,006	108	-	15,663	**48,879**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	1,102	-	-	-	-	**1,102**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(49)	(3,088)	-	-	-	-	**(3,137)**
Derecognition - Disposals	(5,766)	(4,498)	(16,532)	(16)	-	-	**(26,812)**
Assets reclassified (to)/from Assets Under Construction	-	(2,528)	-	-	-	-	**(2,528)**
Other movements in Cost or Valuation	2,605	6,554	-	959	-	(10,373)	**(255)**
At 31 March 2022	**724,331**	**113,984**	**10,330**	**5,710**	**383**	**38,466**	**893,204**
Accumulated Depreciation & Impairment							
At 1 April 2021	(41,960)	**(1,909)**	**(19,952)**	(1,171)	-	-	(64,991)
Depreciation charge	(11,991)	(2,112)	(1,460)	(244)	-	-	**(15,807)**
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	237	-	-	-	-	**237**
Depreciation written out to Revaluation Reserve	6,817	1,398	-	-	-	-	**8,215**
Derecognition - Disposals	3,262	1,995	16,532	16	-	-	**21,805**
Derecognition - Other	-	-	-	(157)	-	(2)	**(159)**
At 31 March 2022	**(43,872)**	**(391)**	**(4,880)**	**(1,556)**	**-**	**(2)**	**(50,701)**
Net Book Value At 31 March 2022	**680,459**	**113,593**	**5,450**	**4,154**	**383**	**38,464**	**842,504**
Net Book Value at 31 March 2021	**659,716**	**108,296**	**5,904**	**3,488**	**383**	**33,176**	**810,963**

Within the **Council dwellings** there are several properties which are likely to be sold within the next 12 months under the Right to Buy Scheme. As at the balance sheet date these properties were not actively marketed and nor is there any certainty as to which properties will be sold. However, based on the number of successful applications made last year it is estimated that 35 properties could be sold in 2023/24.

Revaluations

The revaluation process is co-ordinated by the Council's Estates Manager M Sullivan FRICS.

General Fund properties' valuation certificates are dated 31 March 2023 and revaluations are carried out by private firm of Chartered Surveyors – Wilks Head and Eve. The Council's housing stock is valued as at 31 March 2023 by external valuer Savills.

The valuations provided for non-housing stock assume that there are no encumbrances to the Council's Current Value in the use of those assets.

The inputs to inform the Council's Surplus Asset valuation have been determined at level 2 as per the fair value hierarchy.

Impairment Losses

During 2022/23 (as in 2021/22) the Council did not incur any losses because of impairment.

Capital Commitments

At 31 March 2023 the Council has the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in future years. The major contractual commitments amounting to £1M or more are as follows and equivalent figures have been provided for 31 March 2022.

31 March 2022 £'000	Capital Commitments	31 March 2023 £'000
68,802	Decent Homes and major repairs	24,706
17,721	Housing Regeneration (GF)	20,365
5,184	Town Centre Regeneration	2,000
91,707	**Total**	**47,071**

18. Investment Property

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

2021/22		2022/23
£,000		£,000
23,703	**Balance at Start of the Year**	**24,928**
1,205	Net Gains / (Losses) on Revaluation	496
1,205	**Net Gains / (Losses) from Movements in the Market Value of Investment Properties**	**496**
20	Additions	76
0	Reclassifications	0
24,928	**Balance at end of year**	**25,500**

The Council's investment property portfolio has been assessed as Level 2 for valuation purposes.

Valuation Techniques Used to Determine Level Two Fair Values for Investment Properties:

The values have been derived from a desktop valuation taking into account existing lease terms and rentals, market rentals and yields, and then adjusted to reflect the nature and profile of the particular asset valued.

The Council's commercial property portfolio located within the Borough boundary are measured using the income approach, where the expected cash flows from the property are discounted at an appropriate discount rate (reflecting the nature and risk profile of the particular asset valued), to establish the present value of the net income stream.

The Council's commercial property portfolio is therefore categorised as Level Two in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

There has been no change in the valuation techniques used during the year for investment properties.

Highest and Best Use of Investment Properties

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is deemed to be their current use.

Valuers

The investment property portfolio has been valued at 31 March 2023 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The revaluations are carried out by Wilks Head and Eve.

The valuations assume that there are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance on income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property. Nor does the Council have any contractual obligations to repair, maintain or enhance the investment properties with the exception of a very small proportion of the Council's investment property portfolio where the leases are internal repairing leases and the Council is responsible for the external fabric of the building.

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

2021/22 £,000		2022/23 £,000
2,416	Rental Income from Investment Property	2,328
(909)	Direct Operating Expenses Arising from Investment Property	(994)
1,507	**Net Gain/ (loss)**	**1,334**

19. Intangible Assets

The council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system. There are no items of capitalised software that are individually material to the financial statements.

The movement on Intangible Asset balances during the year is as follows:

2021/22 £000's		2022/23 £000's	2022/23 £000's
	Balance as at 1 April		
2,045	Gross carrying amounts		1,455
(1,183)	Accumulated amortisation		(636)
862	**Net carrying amount at 1 April**		**819**
	Movements in year:		
164	Additions	219	
48	Transfer In and Out	-	
(255)	Amortisation for the Period	(261)	
819	**Balance at 31 March**		**777**
	Comprising:		
2,257	Gross carrying amounts		1,674
(1,438)	Accumulated amortisation		(897)
819			**777**

20. Capital Expenditure and Capital Financing

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

2021/22		2022/23	
£'000		**£'000**	**£'000**
268,610	**Opening Capital Financing requirement**		**304,947**
	Capital investment:		
49,076	Property Plant and Equipment	60,259	
20	Investment Property	8	
164	Intangible Assets	219	
11,179	Loans to Third Parties	760	
412	Revenue expenditure funded from Capital under statute	512	
491	Property, Plant and Equipment purchased under finance leases	6,644	
61,342			68,402
	Sources of finance:		
(9,493)	Capital Receipts	(17,752)	
(8,308)	Government Grants & Other Contributions	(8,776)	
(3,828)	Major Repairs Reserve	(24,532)	
(1,862)	Direct revenue contributions	(1,231)	
(195)	Statutory provision for the financing of capital investment charged against the General Fund (MRP)	(215)	
(1,319)	Loan Repayment	(792)	
(25,005)			**(53,298)**
304,947	**Closing Capital Financing requirement**		**320,051**
	Explanation of movements in year		
35,846	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	8,460	
491	Assets acquired under finance leases	6,644	
36,337	**Increase/(decrease) in Capital Financing requirement**		**15,104**

21. Leases

Plant and Equipment: Council as a Lessee – the council had no material operating leases in 2022/23 or in 2021/22.

Property: Council as Lessor - the authority currently leases 347 premises which include 192 shops, 35 workshops, 11 public houses, 10 surgeries and 99 miscellaneous. These leases are accounted for on an operating lease basis. The rental receivable in 2022/23 was £3,749,484, (2021/22 £3,253,000).

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

31-Mar-22 £'000	Future minimum lease payments	31-Mar-23 £'000
3,050	Not later than one year	2,974
12,161	Later than one year and not later than five years	11,857
43,098	Later than five years	41,958
58,309	**Total**	**56,789**

Finance Lease Lessor: Property, Plant, and Equipment

The Council acquired 10, 25 year leases of council dwellings from Marshgate Ltd, its wholly owned subsidiary between January 2022 and May 2023.

31-Mar-22 £'000	Future minimum lease to Marshgate payments	31-Mar-23 £'000
25	**Not later than one year**	55
102	**Later than one year and not later than five years**	219
509	**Later than five years**	1,658
636	**Total**	**1,932**

Finance Leases Lessor and Lessee: Property, Plant, and Equipment: In 2018/19 the council acquired a 37 year head lease from Aviva for Queensway. This was immediately sublet to Queensway Properties (Stevenage) LLP for 37 years. (See also Group Accounts).

31-Mar-22 £'000	Future minimum lease to Aviva payments	31-Mar-23 £'000
1,198	Not later than one year	1,210
4,915	Later than one year and not later than five years	4,964
42,132	Later than five years	40,872
48,245	**Total**	**47,046**

31-Mar-22 £'000	Future minimum lease from Queensway	31-Mar-23 £'000
1,198	Not later than one year	1,210

4,915	Later than one year and not later than five years	4,964
42,132	Later than five years	40,872
48,245	**Total**	**47,046**

22. Financial Instruments

The items disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long Term		Current	
	31-Mar-22	**31-Mar-23**	**31-Mar-22**	**31-Mar-23**
	£'000	**£'000**	**£'000**	**£'000**
Financial Assets				
Investments				
Investment(LGA Municipal Bond)	**10**	**10**	**-**	**-**
Loans and Receivables	7,300	2,300	55,133	31,600
Total Investments	**7,310**	**2,310**	**55,133**	**31,600**
Debtors (including Cash, Cash equivalents and Bank)				
Loans and Receivables	28,364	34,588	9,188	5,600
Cash and Cash Equivalents	-	-	6,357	9,708
Total Debtors	**28,364**	**34,588**	**15,545**	**15,308**
Total Financial Assets	**35,674**	**36,898**	**70,678**	**46,908**
Financial Liabilities				
Borrowings				
Queensway Aviva Borrowing	5,973	5,882	87	91
Financial liabilities at amortised cost	227,485	227,487	503	145
Total Borrowings	**233,458**	**233,369**	**590**	**236**
Creditors	18,149	24,980	36,681	4,271
Total Financial Liabilities	**251,607**	**258,349**	**37,271**	**4,507**

The value of debtors and creditors reported in the table below are solely those amounts meeting the definition of a financial instrument. The balances of debtors and creditors reported in the balance sheet also include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

The gains and losses recognised in the Comprehensive Income & Expenditure Statement in relation to financial instruments are made up as follows:

31-Mar-22				31-Mar-23		
Financial Liabilities Measured at Amortised Cost	Financial Assets: Loans and Receivables	Total		Financial Liabilities Measured at Amortised Cost	Financial Assets: Loans and Receivables	Total
£'000	£'000	£'000		£'000	£'000	£'000
7,880	-	7,880	Interest Expense	8,171	-	8,171
7,880	**-**	**7,880**	**Total expense in Surplus or Deficit on the Provision of Services**	**8,171**	**-**	**8,171**
-	(1,031)	(1,031)	Interest income	-	(2,557)	(2,557)
-	**(1,031)**	**(1,031)**	**Total income in Surplus or Deficit on the Provision of Services**	**-**	**(2,557)**	**(2,557)**
7,880	**(1,031)**	**6,849**	**Net (gain)/loss for the year**	**8,171**	**(2,557)**	**5,614**

Fair Value Hierarchy

The Council is required to classify the valuation of financial instruments into three levels, according to the quality and reliability of information used to determine fair values.

- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs – unobservable inputs for the asset or liability. Such instruments would include unquoted equity investments and hedge fund of funds, neither of which the Council currently invests in.

Financial assets and financial liabilities (Treasury loans and investments) are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments using the following assumptions:

- The fair value of Public Works Loan Board (PWLB) loans is calculated using the "new loan rate".
- The fair value of non-PWLB loans is calculated using the "new loan rate".
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced amount.

The Valuation Techniques Used to Determine Level Two Fair Values for Investments:
The fair value of the investments has been provided by Link Asset Services and is based on a financial model valuation which uses market information for similar instruments. The Code states that fair values disclosures are not required for short term trade payables and receivables since the carry amount is a reasonable approximation of fair value.

31-Mar-22			31-Mar-23	
Carrying amount	Fair Value		Carrying amount	Fair Value
£'000	£'000		£'000	£'000
		Long Term Investments		
7,310	7,361	Long term loans & receivables	2,300	2,216
7,310	**7,361**	**Total**	**2,300**	**2,216**
		Loan Debt		
-	-	Market Debt	-	-
227,896	245,256	PWLB Debt	227,633	202,226
227,896	**245,256**	**Total**	**227,633**	**202,226**

Valuation Techniques Used to Determine Level Two Fair Values for Public Works Loan Board (PWLB) Loans:

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future loss (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders above current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £202,226Million measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the [additional/reduced] interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

The Authority has used a transfer value for the fair value of financial liabilities. We have also calculated an exit price fair value of £220,804Million, which is calculated using early repayment discount rates. The Authority has no contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date.

The fair value of loan debt is higher than the carrying amount because the council's portfolio of loans includes fixed rate loans where the prevailing rates at the Balance Sheet date are lower than the interest rate payable. The fair value includes the premium that would be payable should the council reschedule its debt.

Schedule of PWLB loan repayments	**£**
Within 1 Year	-
Over 1 not over 2 years	-
Over 2 not over 5 years	18,955,950
Over 5 not over 10 years	64,700,000
Over 10 not over 15 years	100,663,000
Over 15 not over 20 years	37,658,150
Over 20 not over 25 years	5,510,000
Total	227,487,100

23. Nature and Extent of Risks Arising from Financial Instruments

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

- credit risk – the possibility that other parties might fail to pay amounts due to the council.
- liquidity risk – the possibility that the authority might not have funds available to meet its commitments to make payments.
- Re-financing risk – the possibility that the authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- market risk – the possibility that financial loss might arise for the authority as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Council's treasury team, under policies approved annually (in February prior to the financial year to which it relates) by the Council in the Annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

The Strategy includes the Prudential Indicators, the key objectives of which are

- To ensure that capital investment plans are affordable, prudent and sustainable.
- To ensure treasury management decisions accord with good professional practice and in a manner that supports affordability, prudence and sustainability.
- To be consistent with and support local strategic planning, local asset management and optional appraisal.

The Council's Treasury Management Strategy applicable from 1 April 2022 complies fully with the code of practice. Further details on the Council's Treasury Management Strategy can be found on Stevenage Borough Council's website.

Credit Risk: Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. Deposits are not made with banks and financial institutions unless they meet the Council's criteria as specified in the Treasury Management Strategy.

Financial Institutions	**Amount at 31 March 2023**	**Historical experience of default**	**Historical experience adjusted for market conditions at 31 March 2023**	**Estimated maximum exposure to default & un-collectability 31 March 2023**	**Estimated maximum exposure to default & un-collectability 31 March 2022**
	£'000	**%**	**%**	**£'000**	**£'000**
Financial Institutions	**A**	**B**	**C**	**(AxC)**	
Banks & Building Societies	26,600	-	-	-	-
Other Local Authorities	7,300	-	-	-	-
Other Counter parties	9,706	-	-	-	-
Trade Debtors	3,644	34%	37%	1,336	1,178
Total	**47,250**			**1,336**	**1,178**

The ECL on Treasury Financial Assets is immaterial. The historical experience of default for trade debtors is based on the debt provision calculated as at 31st March 2023. The calculation is based on the age of the trade debtor and debt type. The Council does not generally allow extended credit for customers, but some of the current balance is past its due date for payment. The past due date but not impaired amount can be analysed by age as follows:

Age of Sundry Debt	31 March 2022 £'000	31 March 2023 £'000
less than 3 months	1,395	1,734
3-6 months	315	143
6 months - 1 year	231	117
over 1 year	341	321
Total	**2,282**	**2,315**

Deferred Capital Receipts are amounts derived from sales of assets that will be received in instalments over agreed periods of time. They arise principally from a finance lease to Queensway LLP (see also Group Accounts). As at 31 March 2023, Deferred Capital Receipts totalled £11.2Million, (31 March 2022 £11.6M).

These figures do not include debt relating to Council Tax or Non-domestic Rates as these are considered to be statutory debts. Debt relating to Council house rents is disclosed in Note HRA 2. Rent and Supported Housing Payment Arrears.

Liquidity risk: The Council's cash flow is managed so that cash is available as needed. If the unexpected happens the Council has ready access to borrowings from the money markets and the Public Works Loan Board (PWLB).

Market Risk

Interest rate risk: The Council is exposed to significant risk in terms of its exposure to interest rate movements on its investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects on Stevenage Borough Council: Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise, whilst the fixed term investment/borrowing cost/income will remain constant.

Changes in interest receivable on variable rate investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance. Movements in the fair value of fixed rate investments will be reflected in the Movement in Reserves Statement.

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

	£'000
Increase in interest receivable on investments	(674)
Impact on Comprehensive Income & Expenditure Statement	(674)
Share of overall impact credited to the HRA	(481)
Share of overall impact credited to the GF	(193)

The impact of a 1% reduction in interest rates would be as above but with movements being reversed. The above represents what the cost will be less the payment due to the HRA.

The PWLB borrowings undertaken to date are all fixed rate, therefore there would be no impact from a rise in interest rates, other than the rate at which borrowing which has not yet been physically taken could be borrowed at in future.

Price risk The Council does not invest in equity shares and does not have any shareholdings. (The Municipal Bond purchased in 2015/16 (£10,000) is not held for trading purposes but to support and have access to preferential borrowing rates from the Municipal Bond Agency, set up by the Local Government Association. As such this transaction has been classed as a non-current investment.)

Foreign exchange risk: The Council has no financial assets, or a liability denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

24. Debtors

The Council's debtors (net of the provision for bad and doubtful debts) are as follows:

31-Mar-22 £'000	Short Term Debtors	31-Mar-23 £'000
1,877	Trade debtors	2,024
1,709	Prepayments	2,047
324	Queensway LLP	334
5,278	Other Debtors	5,377
9,188	**Total**	**9,782**

31-Mar-22 £'000	Long Term Debtors	31-Mar-23 £'000
107	Building Control	107
160	Mortgages	173
16,918	Queensway Lease	22,370
11,179	Marshgate Ltd	11,938
28,364	**Total**	**34,588**

25. Cash and Cash Equivalents

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

31-Mar-22 £'000		31-Mar-23 £'000
8	Cash held by the Council	2
6,322	Bank current accounts	321
27	Short-term liquid deposits	9,385
6,357	**Total**	**9,708**

26. Creditors

31-Mar-22 £'000	Short Term Creditors	31-Mar-23 £'000
915	Trade Creditors	633
25,162	Other Creditors	32,204
715	Accumulated leave	497
239	Queensway Lease	243
9,650	Receipts in Advance	3,098
36,681	**Total Creditors**	**36,675**

31-Mar-22 £'000	Long Term Creditors	31-Mar-23 £'000
6,176	Local Enterprise Partnership (LEP)	6,707
538	Grants received in advance (Capital)	405
490	Marshgate Lease	1,380
10,945	Queensway Lease	16,488
18,149	**Total Creditors**	**24,980**

Local Enterprise Partnership (LEP) – this relates to loans for land assemble to facilitate the town centre regeneration project.

Marshgate Lease – relates to ten council dwellings leased by the HRA from Marshgate Ltd.

85-100 Queensway and 24-26 The Forum This relates to a 37 year finance lease for these properties, subsequently sublet to Queensway Properties (Stevenage) LLP.

27. Assets held for sale

31-Mar-22 £'000		31-Mar-23 £'000
1,328	**Balance outstanding at start of year**	**2,682**
2,528	Transfer from land & buildings	469
(1,174)	Assets sold	(1,361)
2,682	**Balance outstanding at year end**	**1,790**

Assets held for sale are only recognised where a property is being actively marketed and is likely to result in a probable sale within 12 months of the balance sheet date.

A reasonable assessment can be made of General Fund disposals. However, for HRA Council dwellings, at the balance sheet date, the Council cannot reliably estimate specific disposals for the following 12 months. For example Right to Buy requests are received from tenants which may not result in a subsequent sale. As the numbers involved are not material, Right to Buy properties which are nearing completion of a sale are not recognised as Assets held for sale and no adjustment is made in the accounts for these.

28. Provisions

Provisions	Insurance £000	Organisational Change £000	MMI Insurance provisi £000	NNDR Appeals £000	Leisure £000	Water Rates £000	Total £000
Balance as at 1 April 2021	**(474)**	**(202)**	**(83)**	**(4,029)**	**(1,187)**	**(2,290)**	**(8,265)**
Additional Provisions made in 2021/22	(238)	(82)	-	218	-	-	(102)
Amounts Used in 2021/22	363	-	-		887	-	1,250
Unused Amounts reversed in 2021/22	-	-	-	(132)	-	-	(132)
Balance as at 31 March 2022	**(349)**	**(284)**	**(83)**	**(3,943)**	**(300)**	**(2,290)**	**(7,249)**
Additional Provisions made in 2022/23	(819)	(286)	-	5,059	-	-	3,954
Amounts Used in 2022/23	746	232	-	-	-	-	978
Unused Amounts reversed in 2022/23	-	-	-	(3,035)	-	-	(3,035)
Balance as at 31 March 2023	**(422)**	**(338)**	**(83)**	**(1,919)**	**(300)**	**(2,290)**	**(5,352)**

provisions include the following elements:

- **Insurance provision**: Provides for excesses relating to known claims.
- **Organisational Change Provision:** This provision was established to meet the costs arising from service efficiencies (identified as part of the budget setting process and service reviews).
- **Municipal Mutual Insurance (MMI) Provision:** MMI suffered substantial losses between 1990 and 1992 and these losses reduced MMI's net assets to a level below the minimum regulatory solvency requirement. In September 1992 MMI went in to "run off", and ceased to renew or take on new general insurance work. If a solvent "run off" cannot be achieved the Council may have to repay part of the claims already settled.
- **NDR Appeals Provision:** Business Rate Payers are entitled to appeal against the rateable value allocated to it by the Valuation Office Agency (VOA). From 1 April 2013 onwards, in the event that the appeal is successful, the Council is responsible for the Business Rate repayment to the business. This provision has been made based on the expected outcome of the appeals outstanding with the VOA as at 31 March 2022.
- **Leisure**: This provision is for contact costs arising up to 31 March 2023.
- **Water Rates**: For potential liability relating to historical water charges.

29. Pension

Participation in Pension Schemes

As part of the terms and conditions of employment of its employees, the Council offers retirement benefits. Although these benefits will not be payable until the employees retire, the Council has a commitment to make payments which need to be disclosed at the time these benefits are earned.

The Council participates in the Local Government Pension Scheme administered by Hertfordshire County Council. The scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Hertfordshire County Council. This is a funded defined benefit career average 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 principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and HRA the amounts required by statute as described in the accounting policies note.

Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by the employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund [and Housing Revenue Account] via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year.

2021/22 £'000		2022/23 £'000
	Cost of service	
9,538	Current service costs	9,913
7	Past service costs	125
	Financing and Investment Income & Expenditure	
(3,959)	Interest costs	(5,537)
5,250	Interest income on plan assets	7,160
10,836	**Total Post Employment Benefit Charged to the Surplus or Deficit on the provision of Services**	**11,661**
	Other Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	

2021/22 £'000		2022/23 £'000
	Cost of service	
(4,698)	Return on plan assets (excluding the amount included in the net interest expense)	19,357
(2,633)	Actuarial gains and losses arising on changes in demographic assumptions	(1,819)
(15,939)	Actuarial gains and losses arising on changes in financial assumptions	(93,996)
13,107	Other Actuarial gains and losses	15,427
673	**Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement**	**(49,370)**
	Movement in Reserves Statement	
(10,836)	Reversal of net changes made to the Surplus or Deficit for the provision of Services for post-employment benefits in accordance with the Code	(11,661)
	Actual amount charged against the General Fund and HRA Balance for pensions in the year	
5,161	Employer's contributions payable to the scheme	5,569

Pension assets and liabilities recognised in the Balance Sheet are as follows:

2021/22 £'000		2022/23 £'000
198,096	**Opening fair value of Scheme assets**	**205,304**
3,959	Interest Income	5,537
	Re-measurement gain/(loss)	
3,299	The return on plan assets, excluding the amount included in the net interest expense	(19,357)
5,161	Contributions from employer	5,569
1,307	Contributions from employees into the scheme	1,416
(6,518)	Benefits paid	(7,185)
205,304	**Closing fair value of scheme assets**	**191,284**

2022/23 £'000		2022/23 £'000
260,530	**Opening Balance of Obligations**	**263,250**
9,538	Current Service Cost	9,913
5,250	Interest Cost	7,160
1,307	Contributions from Scheme participants	1,416
	Re-measurement gain/(loss)	
(2,633)	Actuarial gains/(losses) arising from changes in demographic assumptions	(1,819)
(15,939)	Actuarial gains/(losses) arising from changes in financial assumptions	(93,996)
-	Adjusted actuarial re-measurement for prior years	-
11,708	Other	15,427

2021/22 £'000		2022/23 £'000
7	Past service costs	125
(6,518)	Benefits paid	(7,185)
263,250	**Closing balance**	**194,291**
57,946	**Net Pension Liability**	**3,007**

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. Hymans Robertson LLP, an independent firm of actuaries, has assessed Stevenage Borough Council's fund liabilities. The estimates for the Council are based on the latest formal valuation of the scheme as at 31 March 2023. (Date report prepared: 11 July 2023).

Fair value of Employer's assets (at bid values unless otherwise stated):

Period Ended 31 March 2022					Period Ended 31 March 2023			
Quoted Prices in active markets	**Quoted prices not in active markets**	**Total**	**Percentage of Total Assets**	**Asset Category**	**Quoted Prices in active markets**	**Quoted prices not in active markets**	**Total**	**Percentage of Total Assets**
£'000	**£'000**	**£'000**	**%**		**£'000**	**£'000**	**£'000**	**%**
				Equity Securities:				
2,947	-	2,947	1%	Consumer	2,533	-	2,533	1%
979	-	979	0%	Manufacturing	1,118	-	1,118	1%
-	-	-	0%	Energy and Utilities	-	-	-	0%
1,127	-	1,127	0%	Financial Institutions	962	-	962	1%
1,774	-	1,774	1%	Health and Care	1,505	-	1,505	1%
3,735	-	3,735	2%	Information Technology	3,359	-	3,359	2%
-	-	-	0%	Other	-	-	-	0%
				Debt Securities:	-	-	-	0%
-	-	-	0%	Corporate Bonds (investment grade)	-	-	-	0%
-	-	-	0%	Corporate Bonds (non-investment grade)	-	-	-	0%
15,063	-	15,063	7%	UK Government	14,067	-	14,067	7%
-	5,379	5,379	3%	Other	-	5,602	5,602	3%
				Private Equity:	-		-	0%
-	15,002	15,002	7%	All	-	18,126	18,126	9%
				Real Estate:	-		-	0%
-	15,938	15,938	8%	UK Property	-	16,165	16,165	8%
-	11,494	11,494	6%	Overseas Property	-	12,797	12,797	7%
				Investment Funds and Unit Trusts:	-	-	-	0%
75,463	-	75,463	37%	Equities	64,723	-	64,723	34%
30,456	-	30,456	15%	Bonds	25,136	-	25,136	13%
		-	0%	Commodities	-	-	-	0%
-	126	126	0%	Infrastructure	-	199	199	0%
1,706	12,209	13,915	7%	Other	1,788	12,949	14,737	8%
				Derivatives:	-	-	-	0%
-	-	-	0%	Interest Rate	-	-	-	0%
-	(107)	(107)	0%	Foreign Exchange	-	(576)	(576)	0%
				Cash and Cash Equivalents:	-	-	-	0%
12,013	-	12,013	6%	All	10,832	-	10,832	6%
145,263	**60,041**	**205,304**	**100%**	**Totals**	**126,022**	**65,263**	**191,284**	**100.0%**

Principle Assumptions

The principle assumptions used by the Actuary have been:-

2021/22		2022/23
	Mortality Assumptions:	
	Longevity at 65 for current pensioners:	
21.9	Men	21.4
24.4	Women	24.2
	Longevity at 65 for future pensioners:	
22.9	Men	22.4
26.0	Women	25.7
	Other Assumptions:	
3.20%	Rate of pension inflation	3.00%
3.60%	Rate of increase in salaries	3.50%
2.70%	Rate for discounting scheme liabilities	4.75%
50%	Take up of option to convert annual pension into retirement lump sum. (Pre-April 2008 service)	45%
75%	Take up of option to convert annual pension into retirement lump sum. (Post April 2008 service)	45%

Defined Benefit Obligation and maturity profile	Liability split £'000's as at 31 March 2023	Liability split %'s as at 31 March 2023
Active members	62,135	32%
Deferred members	37,078	19%
Pensioner members	95,078	49%
Total	**194,291**	**100%**

Sensitivity analysis of Actuarial assumptions

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis that follows has been determined based on reasonably possible changes in the assumptions occurring at the end of the reporting period in calculating the impact for each change in assumption it is assumed that the other assumptions remain unchanged. In practice it is likely that changes in assumptions would be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Change in assumptions at year ended 31 March 2023	Approximate % increase to Employer Liability	Approximate monetary amount increase (£'000)
0.1% decrease in Real Discount Rate	2%	3,236
1 Year Increase in member life expectancy	4%	7,772
0.1% increase in salary increase rate	0%	318
0.1% increase in pension increase rate (CPI)	2%	2,965

Impact on the authority's cash flow

The objectives of the scheme are to keep employer' contribution rates as consistent as possible to reduce additional funding pressures on employer bodies. In order to achieve this, the Fund obtains a valuation every three years, with new contribution rates set to achieve a fully funded position (100%). The current triennial valuation started on the 1st April 2022 with results received in January 2023. At present, funding levels are reported to Hertfordshire County Council Pension Committee on a quarterly basis from officers and consultants. As the Fund achieved a 100% funded position in 2022/23 (100% funded for all current members, however as the Fund is still open to new members, this could still move below 100% in the future), the objectives of the Fund have altered to keep this position going forward. In order to complete this objective, the Fund has de-risked through obtaining an equity protection strategy (2021/22), which protects the fund against negative market movements (-10 to -30%) and diversifying assets from higher risk growth assets (e.g., equities) to more defensive assets (e.g., property, index linked gilts).

The total estimated contributions for current service cost expected to be made to the Pension Scheme for the period to 31 March 2023 will be approximately £5,517,000.

The weighted average duration of the defined benefit obligations for scheme members is 17 years, 2022/23 (19 2021/22)

Further information can be found in Hertfordshire County Council Pension Fund's Annual Report that is available upon request from: Hertfordshire County Council, Corporate Services, County Hall, Hertford SG13 8DQ (email contact : pensions.team@hertscc.gov.uk)

30. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2021/22 £'000		2022/23 £'000
(894)	Interest received	(2,425)
7,868	Interest paid	8,047

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2021/22 £'000		2022/23 £'000
(16,497)	Depreciation	(16,870)
(2,687)	Impairment, Impairment Reversal and Revaluation of Non-Current Assets	(4,760)
1,205	Movement in Investment Property Values	496
(8,026)	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(4,279)
(255)	Amortisation	(261)
68	Increase/(Decrease) in inventories	75
2,405	Increase/(Decrease) in debtors	6.899
(4,426)	(Increase)/Decrease in creditors	(1,415)
1,016	(Increase)/Decrease in provisions	1,897
(5,675)	Movement in pension liability	(6,092)
4	Other Non-cash items	133
(32,868)	**Total Non-cash movements**	**(24,177)**

The surplus or deficit on the provision of services has been adjusted for the following items in that are Investing or Financing Activities:

2021/22 £'000		2022/23 £'000
10,091	Capital Grants credited to surplus or deficit on the provision of services	5,998
17,935	Proceeds from the sale of property plant and equipment, investment property and intangible assets	13,072
28,026	**Total Investing or Financing cash movements**	**19,070**

31. Adjustments for items in the net surplus or deficit on the provision of services that are investing or financing activities.

2021/22 £'000	Investing Activities	2022/23 £'000
49,751	Purchase of property, plant and equipment, investment property and intangible assets	62,103
248,050	Purchase of short-term and long-term investments	320,016
(165)	Other payments for investing activities	(110)
(17,935)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(13,072)
(233,777)	Proceeds from short-term and long-term investments	(348,682)

2021/22 £'000	Investing Activities	2022/23 £'000
(10,091)	Other receipts from investing activities	(5,998)
35,832	**Net cash flows from investing activities**	**14,256**

2021/22 £'000	Financing Activities	2022/23 £'000
(8,909)	Cash Receipts of Short and Long term borrowing	(5,181)
244	Cash payments for the reduction of the outstanding liabilities relating to finance leases	-
(8,665)	**Net cash flows from financing activities**	**(5,181)**

32. Related Parties

The Council is required to disclose material transactions with related parties. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government: Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions the Council has with other parties (e.g. Council tax bills, housing benefits). Grants received from government departments are set out in Note 8 Taxation and Non Specific and Specific Grant Income.

Other Public Bodies:

Payments between the Council and **Hertfordshire County Council (HCC)** amounted to £1,189,679 (2021/22, £1,313,322). These payments were in relation to costs of shared services and agency agreements.

The Council provides a verge maintenance service for Hertfordshire County Council under an agency agreement for which the Council was reimbursed £609,782 in 2022/23 (£591,448 in 2021/22).
There are a number of shared services arrangements in place including a legal shared service is provided to Stevenage BC by HCC for which the council paid £432,690 in 2022/23 (2021/22 £486,146).

Further payments between the Council and Hertfordshire County Council are disclosed in the Collection Fund accounts, Note 29 Pension and Note 8 Taxation and Non Specific and Specific Grant Income.

Members and Senior Officers: Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2022/23 is shown in Note 9 Members Allowances.

With reference to all of these organisations, of the 39 Members, 32 Members declared interests through either the Register of Interests or completed related party transactions' forms.

The relevant Members did not take part in any discussions or decision relating to the grants. The grants were made with proper consideration of the declarations which all Members completed in accordance with the statutory Code of Conduct for Members (Local Government Act 2000).

During 2022/23 expressions of interest, both potential financial and other interests, are declared and recorded in the minutes of the meeting including involvement with voluntary organisations, public authorities and as the local authority representative on various bodies. This is available for public inspection on the Stevenage Borough Council website. There are no other material related party transactions other than those shown elsewhere in the accounts.

During 2022/23, the Chief Executive and Strategic Leadership Team declared no pecuniary interests in accordance with section 117 of the Local Government Act 1972.

Joint Arrangements

The Council has one jointly controlled operation for the provision and management of CCTV in the Hertfordshire and Bedfordshire area. This arrangement is with Stevenage Borough Council (SBC), North Hertfordshire District Council, East Hertfordshire District Council and Hertsmere Borough Council. Each member of the arrangement accounts for their share of the asset, liabilities and cash flows of the CCTV in their own accounts.

On the 1 April 2015 a new company, **Hertfordshire CCTV Partnership Ltd,** was incorporated to conduct the commercial trading affairs of the CCTV Partnership. For the year ended 31 March 2023 the company produced a profit before tax of £12k (2021/22 £1,500). SBC's share of the profit is £4.3k. Due to the de-minimis size of the company, group accounts have not been completed.

The Council is partnered with seven local authorities across Hertfordshire to provide a fully integrated building control service, **Hertfordshire Building Control Ltd.** The council holds 12.5% of the share capital and is represented on the board. In August 2016 the council made a loan to the company of £107,000 which is held in Long Term Debtors on the balance sheet. Due to the Council's small shareholding the Council has not included any further disclosure notes regarding this company.

Other companies

Disclosures regarding Queensway Properties (Stevenage) LLP and Marshgate Plc have been included in the Group Accounts section of this document.

33. Contingent Liabilities and Assets

At the Balance Sheet date the following contingent liabilities were identified:-

- The Council has signed a development agreement with Mace, its redevelopment partner for SG1. Should the council not be able to fulfil its development obligations penalty payments would be due to Mace.
- Stevenage Borough Council is one of a number of Local Authority and National Parks Authority who have asked the Local Government Association (LGA), to co-ordinate legal representation and provide ongoing support in respect of collective legal action against MasterCard/Visa (Card Schemes) for unlawful interchange fee.
- The Council has secured £37.5m funding from the Towns Fund, to support the delivery of a range of regeneration projects in Stevenage. In the event that specific projects do not progress into delivery, there is a risk that funding would be returned to the government. All business cases have been subject to review by the Council's Executive and Overview & Scrutiny Committee' The funding is ring-fenced in the Council's accounts.
- The Council's Insurers have disclaimed liability for tenant claims for damage caused by mould. The Council is reviewing the scope potential exposure and steps needed to mitigate this.

34. Accounting Policies

i. General Principles:

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position as at the year end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which those regulations require to be prepared in accordance with proper accounting practices. The Statement of Accounts have been prepared in accordance with proper accounting practices and Code of Practice on Local Authority Accounting in the UK 2022/23 supported by International Financial Reporting Standards and statutory guidance issued under section 12 of the 2003 Act.

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

ii. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption and the value is considered material, they are carried as inventories on the balance sheet.
- Expenses in relation to the services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but the cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Revenue relating to council tax and non-domestic rates (NDR) shall be measured at the full amount receivable (net of any impairment losses).

iii. 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 highly liquid investments that mature in [specified period, no more than three 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.

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of the transaction, other events and conditions on the Council's financial position or financial performance.
Where a change is made, it is applied retrospectively (unless not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

v. Charges to Revenue for Non-Current Assets

Service, support services and trading accounts are charged and accounting estimate of the cost of holding non-current assets during the year. This comprises:

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

The Council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in 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 contribution in the General Fund Balance (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Depreciation charged to the Housing Revenue Account (HRA) is not reversed out and is a cost to the HRA. HRA depreciation is transferred to the Major Repairs Reserve to fund future HRA capital investment.

vi. Council Tax and Non-domestic Rates

The Council (billing authority) acts as agent, collecting council tax and non-domestic rates (NDR) on behalf of Hertfordshire County Council, Hertfordshire Police and Central Government (for NDR) and, as principal, collecting Council Tax and NDR for themselves. The Council is required by statute to maintain a separate fund (i.e., the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and NDR. Under legislative framework for the Collection Fund, the Council, Hertfordshire County Council, Hertfordshire Police and Central Government (for NDR) share proportionately the risks and rewards that the amount of Council Tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The Council Tax and NDR income in the CIES is the Council’s share of accrued income for the year. However, regulations determine the amount of Council Tax and NDR that must be included in the Councils General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the collection fund adjustment account and included as a reconciling item in the Movement in Reserves Statement.

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

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

vii. Employee benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlement (or any form of leave e.g. flexi time) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is charges to surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs. The level of this accrual is reviewed either when there has been a significant structural change within the council in any one year or at least every 5 years.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or corporate service when the council can no longer withdraw the offer of those benefits or when the council recognises costs for 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 pensions 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 un-paid at the year-end.

Post-employment benefits

Employees of the council are members of the Local Government Pension Scheme, administered by Hertfordshire County Council

Local Government Pension Scheme

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

- The liabilities of the Hertfordshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit credit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and estimations 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 at their fair value as required under IAS 19.

The change to the net pension liability is analysed into the following components:

- Service costs comprising:
  - Current service cost – the increase in liabilities, as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
  - Past service cost – the increase in liabilities arising as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
  - Net Interest on the net defined benefit liability (asset), i.e. net interest expense for the Council - 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 CIES this is calculated by applying the discount rate used to measure 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 defined benefit liability during the period as a result of contributions and benefit payments .
- Re-measurements comprising:
  - The return on plan assets- excluding amounts included in net interest on the net defined benefit liability – charged to the Pension Reserve as Other Comprehensive Income and Expenditure
  - Actuarial gains and losses – changes in the net pension 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 Pension Reserve and Other Comprehensive Income and Expenditure.

- Contributions paid to the Hertfordshire Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pension Reserves to remove the notional debits and credits for retirement benefits and replaces them with debits for cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

The Housing Revenue Account is charged a share of the transactions above.

Discretionary benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirement. 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.

viii. **Events after the reporting period** are those events, both favourable and unfavourable, that occur between the end of the Balance Sheet date and the date when the Financial Statements are authorised for issue. Two types of events can be identified:

- Adjusting events – where the conditions existed at the end of the reporting period, the Statements are adjusted to reflect such events
- Non-adjusting events – arising after the authorised date is not reflected in the Statements.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

ix. **Financial instruments**

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

Financial liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. For the Council's borrowing this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest).

Annual charges to the Financing and Investment Income and Expenditure line in the CIES are based on the carrying value of the liability, multiplied by the effective interest rate for the instrument.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).The Council holds no assets that fall into this category.

Financial assets measured at amortised cost (loans and receivables) are initially measured at fair value then 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 most of the loans that the Council has made, 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 loan agreement.

Any gains and losses that arise on de-recognition of a financial asset are credited or debited to the Financing and investment income and expenditure line in the CIES.

Expected Credit Loss Model: the authority recognises Expected Credit Losses (ECL) on all of its financial assets held at amortised cost [or where relevant FVOCI], either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial assets that are measured at fair value through the CIES are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in CIES.

Fair Value measurement of financial assets and liabilities

Financial assets and financial liabilities (Treasury loans and investments) are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments using the following assumptions:

- The fair value of Public Works Loan Board (PWLB) loans is calculated using the “new loan rate”.
- The fair value of Non -PWLB loans is calculated using the “new loan rate”.
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced amount.

The Council is required to classify the valuation of financial instruments into three levels, according to the quality and reliability of information used to determine fair values.

- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs – unobservable inputs for the asset or liability. Such instruments would include unquoted equity investments and hedge fund of funds, neither of which the Council currently invests in.

The Valuation Techniques Used to Determine Level Two Fair Values for Investments:
The fair value of the investments has been provided by Link Asset Services and is based on a financial model valuation which uses market information for similar instruments. The Code states that fair values disclosures are not required for short term trade payables and receivables since the carry amount is a reasonable approximation of fair value.

x. 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 that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution 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 creditors. 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 and expenditure (non-ring fenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the MIRS. 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 to fund capital expenditure, 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.

Community infrastructure levy

The council has elected to charge a community levy (CIL). The levy is charges on new builds (chargeable developments for the council) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

The CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the CIES in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges for this council may be used to fund revenue expenditure.

xi. A **Heritage asset** are recognised as an asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture and is not being used for operational purposes.

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment.

- Acquisitions of heritage assets will be recognised at cost. However, where an asset is donated or acquired for less than fair value the asset will be recognised at valuation.
- Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.
- Depreciation will not be applied where a heritage assets has an indefinite life, however where there is evidence of physical deterioration or doubts arise as to the authenticity of the asset, the value of the assets will be reviewed. In addition assets held at current value will be reviewed with sufficient frequency as to ensure that the valuation is up to date.

However, where information on cost or value is not available, and the cost of obtaining the information outweighs the benefits to the users of the financial statements the asset will not be recognised on the balance sheet.

Where heritage assets are not recognised in the balance sheet appropriate disclosure is made in the notes to the financial statements.

xii. Intangible assets

Intangible assets are 'Non-monetary' assets that do not have physical substance but are controlled by the Council through custody or legal rights. Purchased intangibles, such as software licences, are capitalised at cost whilst internally developed intangibles are only capitalised where there is a readily ascertainable market value for them.

The balance is amortised on a straight line basis to the relevant service in the CIES over the economic life of the asset to reflect the pattern of consumption of benefits. All software is given a finite useful life, based on an assessment of the period that the software is expected to be of use to the Council - usually five years

Amounts are only revalued where the fair value of the assets held can be determined by reference to an active market. No such assets exist for this Council.

Any losses from impairment are recognised in the ICT service revenue account and the Comprehensive Income and Expenditure Statement.

Any gain or loss from the disposal or abandonment of an asset is posted to the other operating expenditure line on the Comprehensive Income and Expenditure Statement.
Where expenditure qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance and are therefore reversed out through the Movement in Reserves Statement and Capital adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

HRA intangible assets are depreciated in accordance with the council's policy but the charge is not reversed out but forms part of the transfer to the Major Repairs Reserve.

xiii. Interests in companies and other entities

The council has material interests in the companies and other entities that have the nature of subsidiaries and associates and require it to prepare group accounts. In the council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

xiv. **Inventories (stock)** are included in the Balance Sheet. Stocks are valued at the latest purchase price paid. The Council does not comply with IFRS which requires stocks to be shown at the lower of costs or current replacement cost, however, the effect of the different treatment is not significant. Work in progress on uncompleted jobs is valued at cost price.

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to the 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 net 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 in the Movement in the Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts reserve.

xvi. Joint operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the council as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- Its expenses, including its share of any expenses incurred jointly.

xvii. Leases

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

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

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

The Council as Lessee

Finance Leases

PPE held under finance leases is recognised in the Balance Sheet at the commencement date of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into the lease are applied to writing down the lease liability.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the PPE applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the CIES).

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

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by revenue contributions in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating leases

Rentals paid under operating lease are charged to the CIES as an expense of the service benefitting from the use of the leased PPE. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease the carrying amount of the asset in the Balance Sheet (whether PPE or Assets held for sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. A gain is matched by a lease (long term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor, and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the CIES).

The gain credited to the CIES on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When future rentals are received, the element for the capital receipt for the disposal is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating Leases: Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained on the Balance Sheet. Rental income for investment properties is credited to the Other Operating Expenditure line in the CIES.

xviii. **Overheads and support services** are charged to services in accordance with the councils' arrangements for accountability and financial performance.

xix. **Property, Plant and Equipment (PPE)**

Assets that have physical substance and are held for use in the provision of services, for rental to others or for administrative purposes and are expected to be used in more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis, provided that the future economic benefits or service potential will flow to the Council and that the cost can be measured reliably. Expenditure that secures but does not extend the previously assessed standards of performance of asset (e.g., repairs and maintenance) is charged to revenue as it is incurred.

Measurement and valuations

Assets are initially measured at cost, comprising, in addition to the purchase price, all expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. The council does not capitalise borrowing costs.

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

- Council dwellings – current value determined using the basis of existing use value for social housing (EUV-SH)
- Infrastructure, community assets and assets under construction – depreciated historical cost
- Surplus assets – the current value measurement base in fair value, estimated at highest and best use from a market participant's perspective
- Where possible all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where the DRC approach was used it was in accordance with RICS GN 6, titled "Depreciated Replacement Cost (DRC) method of Valuation for Financial Reporting". RICS GN6 requires Modern Equivalent (ME) to be considered if properties are valued using the DRC method and this was applied to last year's review.

Where assets cannot be valued by any other method depreciated historic costs is used.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service.

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

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

Valuations of the Council's freehold and leasehold properties are co-ordinated by the Council's In-House Valuer in accordance with International Financial Reporting Standards (IFRS) as applied to the United Kingdom public sector and interpreted by the current CIPFA Code of

Practice for Local Authority accounting. The valuations are made in accordance with the RICS Valuation – Professional Standards, January 2014 as published by the Royal Institution of Chartered Surveyors, in so far as that is consistent with the IFRS standards and CIPFA interpretation with the exception that not all properties were inspected. This was neither practical nor considered by the Valuer to be necessary for the purpose of the valuation. All land and building assets are re-valued at the end of each financial year.

New council house properties, either constructed or acquired at market value, are re-valued downwards on completion to recognise that Council Dwellings are valued on the balance sheet at existing use value-social housing (38% of the market value).

HRA properties are re-valued annually on a Beacon Basis. Beacon types being defined by the number of bedrooms, the type of property, its area and whether it is a traditional or non-traditional build. So, with the exception of the properties which were converted into maisonettes and expenditure on replacing fully depreciated components, works done after this date have not been deemed to add value to the Beacon.

Fair Value Hierarchy - to establish the fair value of its assets, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets:

- Level 1 – quoted prices.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

In regard to property assets the total value has been apportioned between its land and non-land (i.e. building) parts, with the latter representing the depreciable amount.

Where non-property assets (e.g. vehicles plant and equipment) have short useful lives, low value or both, depreciated historical cost is used as a proxy for current value.

Impairment

Assets are assessed at each year-end as top 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:

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all PPE assets by the systematic allocation of their depreciable amounts over their useful lives. Exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the life of the property as estimated by the valuer
- vehicles, plant and equipment – straight-line allocation over the estimated life of the asset
- infrastructure – straight-line allocation over the estimated life of the asset

The useful economic lives for property, plant and equipment which are depreciated are:

Council Dwellings	up to 50 years
Operational buildings	up to 50 years
Vehicles	up to 15 years
Plant and equipment	up to 40 years
Infrastructure assets:	
Short Life Paths and Hardstanding's	5 to 10years
Public Realm Works	30 to 40 years
Other	20 to 46 years

Where an asset has major components with different estimated useful lives, these are depreciated separately.

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.

Properties classified PPE are valued on the basis of Current Value (Existing Use Value (EUV)) and the total value has been apportioned between its land and non-land (i.e. building) parts, with the latter representing the depreciable amount

Componentisation

The criteria applied by the Council for componentisation, is that where the cost of a component exceeds 15% of the cost of the asset, and there is a significant difference in depreciable life of a component, compared to the asset as a whole, the Council will componentise the asset, to ensure no material distortions in either the value of the asset of the charge made for use of the asset. Infrastructure Assets – Componentisation – the Council determines that where there is a replacement of a component of infrastructure, the replaced component has a value of nil and that therefore there is no requirement to remove any amount from the balance sheet in respect of the disposal of that component (Cipfa Bulletin 12 – January 2023).

The Council's housing stock has been accounted for using componentisation since April 2011.

Disposals and Non-Current Assets Held for Sale

Where it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than continued use, it is reclassified as an 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 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 the provision of services.

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 is disposed of or decommissioned, the value of the asset in the Balance Sheet (whether PPE or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals 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 in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts in excess of £10,000 are categorised as capital receipts. The capital receipts retained by the Council are required to be credited to the Capital Receipts Reserve and used for capital expenditure.

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

xx. Provisions, contingent liabilities and contingent assets

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by transfer of economic benefits, but where timing of the transfer is uncertain. The Council's policy is to assume all transfers of economic benefit will be made within 12 months. The Council recognises that on rare occasions a provision is utilised after 12 months (for example an insurance provision), however these instances do not materially alter the financial statements.

Provisions are charged to the appropriate service account in the year that the Council becomes aware of the obligation, based on the best estimate at the balance sheet date of the expenditure required to settle the obligation.

When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed and where it becomes less than probable 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 revenue account.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (for example from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Impairment for doubtful debts are separately disclosed and included in debtors.

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 Council's control. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either the obligation cannot be measured reliably or where it is not probable that an outflow of resources will be required. Contingent liabilities are not recognised in the balance sheet but disclosed in a note to the accounts.

A **contingent asset** arises from a past event that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the Council's control.

Contingent assets are not recognised in the balance sheet but disclosed in a note to the accounts where it is probably that there will be an inflow of economic benefits or service potential.

xxi. Reserves

The Council sets aside specific amounts as reserves for future policy purposes. Reserves are created by transferring amounts out of the General Fund balance. When expenditure to be financed is incurred, it is charged to the appropriate revenue service account in that year to score against the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund so there is no net charge against Council Tax for the expenditure. These transfers can be seen in the Movement in Reserves Statement.

The Council has a number of **Unusable Reserves** that are required for statutory reasons, to comply with proper accounting practice. As such these reserves are unavailable to fund expenditure. They include reserves kept to manage the accounting process for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council

xxii. Revenue Expenditure Funded From Capital Resources Under Statute – General Fund expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the 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 to the Capital Adjustment Account is made: the amounts charged are then reversed out so that there is no impact on the Council Tax payer.

xxiii. Value Added Tax (VAT) - Income and expenditure excludes any amounts that relate to VAT, except where the VAT element is not recoverable from HM Revenue and Customs.

xxiv. Borrowing Costs – It is not the Council's Policy to capitalise borrowing costs.

xxv. Pre-Sale Expenses and Disposal costs: The Council is able to offset costs incidental to disposals against the capital receipt. This is restricted for General Fund disposals to a maximum of 4% of the capital receipt. Any costs not covered by a separate agreement with the purchaser to meet the Council's revenue costs are considered for this treatment.

35. Accounting Standards issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. At the balance sheet date the following new standards and amendments to existing standards have been published but not yet adopted. The Council does not expect that the future adoption of the new standards and amendments will have significant impact on its statement of accounts.

- Amendments to IAS 8 - Definition of Accounting Estimates.

- Amendments to IAS1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies.
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
- Amendments to IFRS 3 - Updating a Reference to the Conceptual Framework

36. Critical judgements in applying Accounting Policies

In applying the accounting policies, the authority has had to make certain judgements about complex transactions and/or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The Council has also placed reliance on technical estimates supplied by third parties for the following:
  - Property valuations by Wilkes Head & Eve and Savills (UK) Limited
  - Pensions valuations by Hymans Robertson LLP

  The council has received detailed reports from these sources outlining overall valuations and all the key assumptions, made in arriving at these final figures.

- Within the Council dwellings valuation there are several properties which are likely to be sold within the next 12 months under the Right to Buy Scheme. The Council does not classify these properties as "Held for Sale" as at the balance sheet date as these properties are not actively marketed and nor is there any certainty as to which properties will be sold.

- There is a degree of uncertainty about the future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities or materially reduce levels of service provision

- Infrastructure assets are measured on a depreciated historical cost basis. However, the accounting rules that applied before 1 April 1994 mean that the carrying amount only reliably includes expenditure of acquisition and enhancement incurred after this date. Expenditure incurred before this date is only included to the extent that it had not been financed before the end of the 1993/94 financial year.

  The Council has elected to take up a statutory override relating to the accounting for highways infrastructure assets. The update provides that for all statements of accounts that are currently open up to 2024/25, authorities are not required to report gross book value and accumulated depreciation for infrastructure assets, because the information is may not faithfully represent what it purports to represent. In accordance with the temporary relief offered by the Update to the Code on infrastructure assets the Note 17 does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this may not faithfully represent the asset position to the users of the financial statements.

37. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet as at 31 March 2023 for which there are significant risk of material adjustments in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pension Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effect of the pension liability for changes in individual assumptions can be measured. These are detailed in the Pensions Note 29.
Property, Plant and Equipment	To ascertain the balance sheet valuation of buildings and land held by the Council various estimation techniques can be used. The estimation technique used must be compliant with RICS standards and will be dependent on information available to the valuer.	In preparing the balance sheet valuations as at 31 March 2023 of community assets Depreciated Replacement Cost (DRC) has been used by the Council's external valuers (Wilks Head and Eve (WHE)) as they have extensive experience of valuing local authority assets. It should be noted that Balance sheet valuations are not used when determining the sale price of council assets and DRC can be impacted by high levels of cost inflation.
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions regarding the level of repairs and maintenance that will be incurred in relation to each individual asset. The current economic climate makes it uncertain that the Authority	Housing stock is split into elements including kitchens & bathrooms and the remaining element has an average useful life of 50 years. The asset life has an inverse effect with depreciation charge and will affect the in-year surplus of deficit of the HRA. The lower the asset

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	will be able to sustain its current expenditure on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	life, the higher the depreciation charge; the higher the asset life, the lower the depreciation charge.
Fair Value valuations	The Authority owns a number of properties that have been valued based on rental yields.	If the Authority were to assess the security of the income streams more favourably, then the yield would increase giving a higher balance sheet valuation. The valuation would depend on the time of the expected rental income flows and rent increases specific to each asset.
Provisions – NDR Appeals	The Authority has a provision of £1,919,400 for its share of the expected outcome of NDR appeals outstanding with the VOA as at 31 March 2022.	If 10% of the appeals that we have provided for were unsuccessful this would mean a reduction of £192,000 in the provision.
Trade Debtors and Arrears	At 31 March 2023, the Authority had a balance of trade debtors of £3.6Million of which £2.315k was past due. A review of significant balances suggested that an impairment of doubtful debts based on the age and repayment arrangements in place of £1.3Milion (56%) of the past due balance. However, it is not certain that such an allowance would be sufficient should the age profile of arrears increase.	If arrears were to age by a further year, the Authority would be required to set aside a further £716k in provision, being 56% of the remaining debt balance.
Arrears NDR	The NDR arrears balance of £594,600 at the Balance Sheet date is deemed to be at risk of material adjustment within the next year due to current economic circumstances meaning that businesses are struggling to pay. A review of significant balances suggested that an impairment of doubtful debts of 67% (£400,000) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient	If collection rates were to deteriorate further, for every 1% reduction in collection rates, an extra £301,000 would be required to be set aside as an allowance.

38. Going Concern

These accounts have been prepared on a going concern basis that the council will continue in operational existence for the foreseeable future.

The provisions in the Code of Audit Practice in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government).

If a council were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local council financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code, therefore, assume that a local council's services will continue to operate for the foreseeable future.

The General Fund Medium Term Financial Strategy (MTFS) update (2023/24-2027/28) - executive 20 September 2023. Current projections in the MTFS forecast the General Fund to remain above the risk assessed balance as at 30 November 2023. In addition to the General Fund, the Council has forecast a total of £4.5Million earmarked reserves for the 2024/25 year.

The Council's General Fund balances projected in the MTFS are summarised in the table below.

General Fund balances	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Opening Balance	(£5,954)	(£4,614)	(£4,304)	(£3,680)	(£3,355)
In Year	£1,340	£310	£624	£325	(£61)
Closing Balance	(£4,614)	(£4,304)	(£3,680)	(£3,355)	(£3,416)

The Council had cash and liquid asset made up of Money Market Funds, Call Account and Bank Account as at 30 September 2023 of £45Million. Based on current plans, expected balances as at 31 March 2024 are expected to be £37.5M and at 31 March 2025 £27Million.

The Council will have sufficient liquidity to operate throughout the going concern period to 30 November 2024.

The Council has no short term borrowing. The Council could utilise short term borrowing on a temporary basis to aid liquidity in the short term, however, it has no current plans to do so. The short term borrowing referred to in the balance sheet is borrowing due to be repaid within 12 months of the balance sheet date that relates to long term borrowing arrangements.

The CFO is content that the Council's subsidiary companies are not reliant on funding from the parent Stevenage Borough Council during the going concern period to 30 November 2024 due to the subsidiary entities having their own sufficient liquidity and cash balances.

Overall, it is on this basis that management have concluded that the going concern basis of preparation for the financial statements is appropriate. No material uncertainties have been identified in this conclusion.

Housing Revenue Account (HRA) Income & Expenditure Statement

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

2021/22 £000		Note	2022/23 £000	2022/23 £'000
	Expenditure			
9,482	Repairs & Maintenance		10,784	
12,508	Supervision & Management		14,522	
260	Rents, Rates, Taxes & Other Charges		266	
11,947	Depreciation & Impairment of Non-Current Assets - HRA Dwellings		12,738	
386	Depreciation & Impairment of Other Non-Current Assets		418	
-	Revaluation gains/losses		0	
299	Movement in the allowance for bad debts		402	
34,882	**Total Expenditure**			**39,130**
	Income			
(39,788)	Dwelling rents	HRA 1	(40,959)	
(304)	Non-dwellings rents		(358)	
(4,083)	Charges for Services & Facilities		(4,105)	
(415)	Contributions towards expenditure		(562)	
(44,590)	**Total Income**			**(45,984)**
(9,708)	**Net Cost of HRA Services as included in the Comprehensive Income & Expenditure Statement**			**(6,854)**
1,086	HRA Services share of Corporate & Democratic Core			1,107
(8,622)	**Net income for HRA services**			**(5,747)**
(4,156)	Gain on sale of HRA Non-Current Assets			(9,695)
7,169	Interest payable			7,398
(202)	Interest receivable on revenue balances			(903)
(3,552)	Capital grants & Contributions receivable			(1,046)
395	Pension Interest and expected return on pension assets			487
(8,968)	**(Surplus)/Deficit for the year on HRA services**			**(9,506)**

Movement on the HRA Statement

This statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

2021/22			2022/23	
£000			**£000**	**£000**
(25,344)	**Balance on the HRA at the end of the previous year**			**(28,144)**
(8,968)	Deficit for the year on the HRA Income & Expenditure Statement		(9,505)	
6,004	Adjustment between accounting basis and funding basis under statute		9,886	
164	Transfer to earmarked reserves	13	17,244	
(2,800)	(Increase)/Decrease in year on the HRA			17,625
(28,144)	**Balance on the HRA at the end of the year**			**(10,519)**

HRA 1. Gross Rent Income

Dwelling rents as shown on the HRA Income and Expenditure Statement is the total rent income due, excluding service charges and after an allowance is made for voids etc. During the year 1.55% of let-able properties were vacant (in 2021/22 figure was 1.31%). Average rents (52 weeks basis) - excluding service charges - were £103.58 a week in 2022/23 (£100.24 in 2021/22).

HRA 2. Rent and Supported Housing Payment Arrears

During the year 2022/23 rent arrears as a proportion of gross rent income were 6.15% (5.38% in 2021/22).

The bad debts provision stood at £1,828,882 at 31 March 2023 (£1,426,940 at 31 March 2022).

2021/22 £'000		2022/23 £'000
2,411	Arrears at 31 March	2,847
10	Amounts written off during the year	-

HRA 3. Housing Stock Numbers

The stock movement can be summarised as follows: -

2021/22 No.		2022/23 No.
7,974	Stock as at 1st April	7,958
(40)	Right to Buy Sales	(40)
27	New Build acquisitions	27
(10)	Demolitions	(3)
7	Conversions/other	1
7,958	**Stock at 31st March**	**7,943**
5,091	Houses	5,070
2,867	Flats	2,873
7,958	**Total**	**7,943**

The stock numbers disclosed above are properties that are in management and available to let.

HRA 4. Non-Current Asset Valuations

Housing Stock

The total balance sheet value (£'000's) of the dwellings within the HRA can be summarised as follows: -

	£'000's
As at 31 March 2022	680,459
As at 31 March 2023	**689,783**
The Vacant Possession value of the dwellings as at 31 March 2023 was	1,816,238

The valuation of the dwellings in the Balance Sheet is on the basis of fair value, which is the market value on the assumption that the property is sold as part of the continuing enterprise in occupation. The difference between the Balance Sheet valuation and the higher valuation on the basis of Vacant Possession shows the economic cost of providing Council housing at less than open market rents.

Other noncurrent assets held by the HRA are detailed below:

31-Mar-22 £'000's		31-Mar-23 £'000's
19,782	Assets Under construction	31,395
1,068	Vehicles Plant & Equipment	869
20,850	**Total**	**32,264**

HRA 5. Major Repairs Reserve (MRR)

2021/22 £'000	2021/22 £'000		2022/23 £'000	2022/23 £'000
	(14,371)	**Opening Balance as at 1st April**		**(22,874)**
		Transfers to the MRR -		
(11,947)		Depreciation of HRA Dwellings	(12,738)	
(386)		Depreciation of other HRA Assets	(418)	
	(12,333)			(13,156)
		Transfers from MRR -		
	3,830	Financing of HRA Capital Expenditure		24,532
	(22,874)	**Closing Balance as at 31 March**		**(11,498)**

HRA 6. Capital Expenditure, Financing & Receipts

2021/22 £'000		2022/23 £'000
	Capital Expenditure	
20,922	Major Repairs & Improvements	23,557
2,522	New Council Housing	5,740
841	Disabled Adaptations	713
434	Equipment	357
12,008	Assets under construction	13,600
36,727		**43,967**
	The Capital Expenditure was financed as follows:	
1,547	Capital Receipts	5,240
4,404	Retained 1 for1 receipts	5,891
3,825	Major Repairs Reserve	24,533
1,955	Contributions	3,730
24,996	New Borrowing	4,573
36,727		**43,967**

Total Capital Receipts in 2022/23 from the sale of property within the HRA can be summarised as follows:-

2021/22 £'000		2022/23 £'000
(6,404)	Right to Buy Sales	(6,057)
(321)	Other Land & Property *	(3,422)
(6,725)		**(9,479)**

*Includes repayment of Right to Buy discounts

Collection Fund Statement

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities (Stevenage Borough Council) to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection of council tax from taxpayers and distribution to Hertfordshire County Council and Hertfordshire Police and the collection of NDR from businesses and distribution to the Government and Hertfordshire County Council.

2021/22 Council Tax £000	2021/22 Business Rates £000	2021/22 Total £000		2022/23 Council Tax £000	2022/23 Business Rates £000	2022/23 Total £000
			Income			
(53,740)		(53,740)	Council Tax Receivable	(56,365)		(56,365)
		0	Council Tax Benefits			0
	(39,036)	(39,036)	Business Rates Receivable		(44,595)	(44,595)
	455	455	Transitional Payment Protection receivable		639	639
(53,740)	**(38,581)**	**(92,321)**	**Total income**	**(56,365)**	**(43,956)**	**(100,321)**
			Expenditure			
			Precepts, Demands and Shares			
40,786	4,546	45,332	Hertfordshire County Council	42,826	4,423	47,249
5,907		5,907	Hertfordshire Police Authority	6,245		6,245
6,117	**18,185**	**24,302**	**Stevenage Borough Council**	**6,317**	**17,691**	**24,008**
	22,732	22,732	Central Government		22,114	22,114
			Charges to Collection Fund			
	107	107	Costs of collection		105	105
	0	0	Renewable Energy		49	49
121	260	381	Write offs of uncollectable amounts	116	123	239
355	(139)	216	Increase/(decrease) for impairment	180	(2)	178
	(218)	(218)	Increase/(decrease) in provision for appeals		(5,057)	(5,057)
			Contribution in regard to previous year deficit/surplus			
263	(1,175)	(912)	Hertfordshire County Council	334	(936)	(602)
37		37	Hertfordshire Police Authority	48		48
40	**(7,632)**	**(7,592)**	**Stevenage Borough Council**	**50**	**(3,745)**	**(3,695)**
	(9,980)	(9,980)	Central Government		(4,682)	(4,682)
53,626	**26,686**	**80,312**	**Total expenditure**	**56,116**	**30,083**	**86,199**
(114)	**(11,895)**	**(12,009)**	**Movement on fund balance (deficit/(surplus))**	**(249)**	**(13,873)**	**(14,122)**
(599)	**21,046**	**20,447**	**Balance at beginning of year**	**(713)**	**9,151**	**8,438**
(713)	**9,151**	**8,438**	**Balance at end of year**	**(962)**	**(4,722)**	**(5,684)**

CF 1. Council Tax

Council tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands estimating 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Hertfordshire County Council, Hertfordshire Police Authority and the Stevenage Borough Council for the forthcoming year and dividing this by the council tax base (the total number of properties in each band adjusted by a proportion to convert the number to a Band D property equivalent and adjusted for discounts. In 2013/14 the local council tax support scheme was introduced and the band D equivalents was reduced to take into account the loss of income; (28,003.70 for 2022/23, 27,733.80 for 2021/22). The basic amount of council tax for a band D property £1,977.88 for 2022/23 (£1,904.20 for 2021/22) is multiplied by the proportion specified for the particular band to give an individual amount due.

Band	A (Disbld.)	A	B	C	D	E	F	G	H	TOTAL
Properties	0	1,694	6,809.79	21,652.79	3,336.65	3,188.62	930.66	433	15	38,060.51
Exemptions	0	-48	-132	-227	-24	-24	-7	-5	-4	-471
Disabled Relief	3	7	84	-82	20	-28	3	-5	-2	0
Discounts (25%)	1	1149.46	4089.13	6369.35	781.89	545.3	124.22	54	1	13115.35
Discounts (50%)	0	1	7	16	0	4	5	7	5	45
Council Tax Support Scheme	0.92	350.77	1,225.86	1,991.96	191.03	50.63	10.91	4.54	0	3,826.62
Empty Homes Premium	0	13	43	20	1	5	0	0	0	82
Effective Properties	1.83	1,020.87	4,531.64	17,761.49	2,946.65	2,950.17	882.19	401.46	6.25	30,502.55
Proportions	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Band D Equivalents	1.02	680.58	3,524.61	15,787.99	2,946.65	3,605.76	1,274.28	669.10	12.50	28,502.49
Council Tax Base	**Band D equivalent multiplied by collection rate of 98.25%**									**28,003.7**

The income chargeable of £69,073,482 in 2022/23 is from the following sources:

2021/22		2022/23
£53,565,945	Billed to Council Taxpayers	£56,249,416
£6,047,385	Local Council Tax Scheme	£5,860,817
£6,603,960	Exemptions, Discounts, etc.	£6,963,249
£66,217,290		£69,073,482

CF 2. Non-Domestic Rates (NDR)

The Government specified a multiplier of 51.2p in 2022/23 (51.2p in 2021/22) by which local businesses pay rates calculated by multiplying their rateable value by this amount (subject to the effects of transitional arrangements). The equivalent amount for small businesses was 49.9p in 2022/23 (49.9p in 2021/22). The rateable value for the Council's area is £125,833,129 at 31 March 2023 (£107,093,157 at 31 March 2022). The rateable value changes throughout the year due to increases and decreases in assessments.

In 2013/14 the business rate retention scheme was introduced by the Local Government Finance Act 2012. This scheme enables local authorities to retain a proportion of the business rates generated in their areas. Income generated by business rates is shared between the billing authority (Stevenage Borough Council), Central Government, and Hertfordshire County Council as shown in the Collection Fund Statement below. Liabilities and provisions arising from the NDR collection fund are also shared between the three and recognised in their accounts.

CF 3. Allocation of Collection Fund (surpluses)/deficits

The Council Tax surplus is allocated in proportion to the respective precepts, whereas the NDR surplus is allocated on fixed apportionment of Central Government 50%, Stevenage BC 40%, and Hertfordshire County Council 10%.

2021/22 Council Tax £000	2021/22 Business Rates £000	2021/22 Total £000		2022/23 Council Tax £000	2022/23 Business Rates £000	2022/23 Total £000
(550)	915	365	Hertfordshire County Council	(744)	(472)	(1,216)
(80)	0	(80)	Hertfordshire Police Authority	(109)	0	(109)
(82)	3,660	3,578	**Stevenage Borough Council**	(109)	(1,889)	**(1,998)**
0	4,575	4,575	Central Government	0	(2,361)	(2,361)
(712)	**9,150**	**8,438**		**(962)**	**(4,722)**	**(5,684)**

Group Accounts 2022/23

These Group Accounts include the consolidation of the unqualified audited accounts of:

1. Queensway Properties (Stevenage) LLP - Company number: OC424782

Designated members	Stevenage Borough Council (99.9%) Marshgate Limited (0.1%)
Registered office	3 Bunhill Row, London, EC1Y 8YZ
Auditors	Moore NHC Audit Limited, First Floor 73-75 High Street Stevenage Hertfordshire SG1 3HR

2. Marshgate Ltd - Company number: 11649451

Designated members	Stevenage Borough Council (100%)
Registered office	Daneshill House, Danestrete Stevenage Hertfordshire SG1 1HN
Auditors	Moore NHC Audit Limited, First Floor 73-75 High Street Stevenage Hertfordshire SG1 3HR

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Group Accounts

Introduction

To provide a full picture of the economic and financial activities of the Council and its exposure to risk the accounting statement s of a material subsidiary are consolidated with the Council's accounts. They include the core accounting statements (movement in reserves statement. comprehensive income and expenditure statement, balance sheet and cash flow statement) presented in a similar manner to the Council's accounts. Further explanatory notes are given and these should be read in conjunction with the Council's (single entity) accounts.

Group accounts has been prepared under the requirement of the Code of Practice on Local Authority Accounting, consolidating and material subsidiary, associate or joint venture entities which the Council exercises control or influence.

On 7 November 2018 Stevenage BC formed a limited Liability Partnership called Queensway Properties (Stevenage) LLP (further referred to as Queensway LLP). The Council holds 99.9% of the partnership with the remaining 0.1% held by Marshgate Ltd, a company wholly owned by Stevenage Borough Council (incorporated on 30 October 2018). The purpose for establishing Queensway LLP was to facilitate the regeneration of 85-100 Queensway and 24-26 The Forum, a large element of the new town centre. The Council has entered a partnership with REEF and Aviva (the funding partner) to deliver a mixed-use redevelopment of the site including commercial, residential, and leisure uses. The Council has taken the head lease of the property from Aviva and sublet to Queensway LLP over a 37-year period.

During the year Marshgate Ltd, the council's wholly owned housing company, using financing from Stevenage Borough Council, purchased an additional six dwellings on the open market in order to provide additional good quality local housing through the HRA.

Both companied engaged Moore NHC Audit Limited to conduct the audit of the 2022/23 statement of accounts to ensure compliance with accounts filing deadlines – 31 December 2023.

Group Accounts – Movement in Reserves Statement

Movements in Reserves during 2022/23

	Council's Usable Reserves £'000	Subsidiary Usable Reserves £'000	Total Group Usable Reserves £'000	Council's Unusable Reserves £'000	Subsidiary Unusable Reserves £'000	Total Group Unusable Reserves £'000	Total Group Reserves £'000
Balance at 1 April 2022 Brought Forward Restated	**(94,551)**	**3,653**	**(90,897)**	**(531,083)**	**-**	**(531,083)**	**(621,980)**
Total Comprehensive Expenditure and Income	**(7,319)**	**529**	**(6,790)**	**(58,245)**	**-**	**(58,245)**	**(65,035)**
Adjustments between Accounting Basis and Funding Basis under Regulations	26,792	-	**26,792**	(26,792)	-	**(26,792)**	**-**
Transfer to/from Reserves	-	-	**-**	-	-	**-**	**-**
(Increase)/Decrease in Year 2019/2020	**19,473**	**529**	**20,002**	**(85,037)**	**-**	**(85,037)**	**(65,035)**
Balance at 31 March 2023 Carried Forward	**(75,078)**	**4,182**	**(70,895)**	**(616,119)**	**-**	**(616,119)**	**(687,015)**

Movements in Reserves during 2021/22

	Council's Usable Reserves	Subsidiary Usable Reserves Restated	Total Group Usable Reserves Restated	Council's Unusable Reserves	Subsidiary Unusable Reserves Restated	Total Group Unusable Reserves Restated	Total Group Reserves Restated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2021 Brought Forward	**(80,441)**	**2,767**	**(77,674)**	**(514,582)**	**-**	**(514,582)**	**(592,257)**
Surplus/Deficit on Provision of Services	(11,179)	886	**(10,293)**	-	-	**-**	**(10,293)**
Other Comprehensive Income and Expenditure	-	-	**-**	(19,430)		**(19,430)**	**(19,430)**
Total Comprehensive Expenditure and Income	**(11,179)**	**886**	**(10,293)**	**(19,430)**	**-**	**(19,430)**	**(29,723)**
Adjustments between Accounting Basis and Funding Basis under Regulations	(2,930)	-	**(2,930)**	2,930		**2,930**	**-**
Net (Increase)/Decrease before Transfers to Reserves	**(14,109)**	**886**	**(13,223)**	**(16,500)**	**-**	**(16,500)**	**(29,723)**
Transfer to/from Reserves	-		**-**	-		**-**	**-**
(Increase)/Decrease in Year 2021/22	**(14,109)**	**886**	**(13,223)**	**(16,500)**	**-**	**(16,500)**	**(29,723)**
	-						
Balance at 31 March 2022 Carried Forward Restated	**(94,551)**	**3,653**	**(90,898)**	**(531,083)**	**-**	**(531,083)**	**(621,981)**

Group Accounts – Comprehensive Income & Expenditure Statement

2021/22				2022/23		
Gross Expenditure £'000	**Gross Income £'000**	**Net Expenditure £'000**	**Comprehensive Income and Expenditure Statement**	**Gross Expenditure £'000**	**Gross Income £'000**	**Net Expenditure £'000**
6,072	(1,421)	4,651	Community Services	7,193	(2,185)	5,008
27,187	(24,062)	3,125	Housing Services	25,841	(22,770)	3,071
19,778	(7,916)	11,862	Environmental Services	21,870	(9,010)	12,860
61	0	61	Local Community Budgets	61	0	61
9,220	(8,543)	677	Resources	15,652	(14,107)	1,545
5,579	(2,775)	2,804	Resources - Support	4,804	(2,699)	2,105
34,894	(44,602)	(9,708)	Housing Revenue Account	39,156	(45,989)	(6,833)
1,125	(744)	381	Queensway Properties LLP and Marshgate Ltd	1,408	(2,169)	(761)
103,916	**(90,063)**	**13,853**	**Cost of Services**	**115,985**	**(98,929)**	**17,056**
		(8,934)	Other Operational Expenditure			(9,289)
		5,898	Financing & Investment Income and Expenditure			6,840
		(21,110)	Taxation & Non-Specific Grant Income			(21,397)
		(10,293)	**Deficit/(surplus) on Provision of Services**			**(6,790)**
		(9,267)	Deficit/(Surplus) on revaluation of Property, Plant and Equipment assets		2,786	
		(10,163)	Actuarial (gains)/losses on pension assets/liabilities		(61,031)	
		(19,430)	**Other Comprehensive Income and Expenditure**			**(58,245)**
		(29,723)	**Total Comprehensive Income and Expenditure**			**(65,035)**

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Group Accounts – Group Balance Sheet

31/03/2022 Restated		31/03/2023	
£'000		£'000	£'000
854,870	Total Property, Plant & Equipment	893,964	
483	Heritage Assets	450	
25,410	Investment property	25,500	
819	Intangible Assets	777	
7,310	Long Term Investment	2,310	
266	Long Term Debtors	1,612	
889,158	**Total Long-Term Assets**		**924,613**
55,133	Short Term Investments	31,600	
2,682	Assets Held for Sale	1,790	
213	Inventories	5,778	
9,425	Short Term Debtors	10,459	
19,396	Cash and Cash Equivalents	16,894	
86,849	**Current Assets**		**66,521**
(590)	Short Term Borrowing	(236)	
(37,034)	Short Term Creditors	(37,176)	
(7,249)	Provisions	(5,352)	
(44,873)	**Current Liabilities**		**(42,764)**
(11,034)	Queensway Finance Lease	(16,488)	
(6,174)	Long term creditors	(8,088)	
(227,487)	Long term borrowing	(227,487)	
(5,973)	Long term borrowing (Queensway)	(5,882)	
(57,946)	Pension Liability	(3,007)	
(538)	Grants Receipts in Adv - Capital	(405)	
(309,153)	**Long Term Liabilities**		**(261,355)**
621,981	**Net Assets**		**687,015**
(90,898)	Total Usable Reserves		(70,895)
(531,083)	Unusable Reserves		(616,120)
(621,981)	**Total Reserves**		**(687,015)**

These financial statements are authorised by Clare Fletcher – Strategic Director (Chief Financial Officer) on 23 October 2024.

CD Fletcher

Clare Fletcher

Group Accounts – Cash Flow Statement

2021/22 Restated £'000	Cash Flow Statement	2022/23 £'000
(10,293)	Net (Surplus) or Deficit on the Provision of Services	(6,790)
(32,966)	Adjustments to Net (Surplus) or Deficit on the provision of Services for Non-Cash Movements	(22,577)
28,026	Adjustments for items in the Net (Surplus) or Deficit on the Provision of Services that are Investing or Financing Activities	19,070
(15,233)	**Net cash flows from Operating Activities**	**(10,297)**
25,649	Investing Activities	24,078
(8,665)	Financing Activities	(11,277)
1,752	**Net (Increase) or Decrease in Cash and Cash Equivalents**	**2,502**
21,148	Cash and cash equivalents at the beginning of the period	19,396
19,396	**Cash and Cash Equivalents at the End of Period**	**16,894**

Group Accounts - Notes to the Group Accounts

The following notes are given below on areas that have materially changed in consolidating the accounts.

G1. Accounting Policies

The Council has reviewed the accounting policies applied to Queensway LLP and Marshgate Ltd has concluded that there is no material adjustments required to align accounting policies of both entities.

The accounts for both subsidiaries have been consolidated with those of the Council on a line by line basis and any balances and/or transactions between the parties have been eliminated in full in both the Comprehensive Income and Expenditure account and Balance sheet.

G2. Leases and Long Term Debt

Stevenage Borough Council has entered into a 37 year lease with Aviva, for properties 85 Queensway and 89-103 Queensway and 24-26 The Forum, Stevenage. The Council has in turn leased these properties to Queensway Properties LLP Hertfordshire under the same terms and conditions.

Upon consolidation £22.6Million of balances have been eliminated split between long and short term liabilities and assets - SBC debtor and QLLP creditor.

During 2021/22 and 2022/23, Marshgate Ltd borrowed £12Million from Stevenage Borough Council, to invest in housing within the borough. Upon consolidation this loan and the long term borrowing balances within the Marshgate Ltd accounts have been eliminated.

G3. Group short term Debtors

31-Mar-22 £'000		31-Mar-23 £'000
1,877	Trade Debtors	2,024
1,709	Prepayments	2,047
5,839	Other Debtors	6,388
9,425	**Total**	**10,459**

G4. Group short term Creditors

31-Mar-22 Restated £'000	Creditors:	31-Mar-23 £'000
915	Trade Creditors	633
715	Accumulated leave	497
25,754	Other Creditors	32,948
9,650	Receipts in Advance	3,098
37,034	**Total Creditors**	**37,176**

G6. Subsidiaries Summary Profit and Loss Account

The following is summarised financial information for Queensway LLP (QLLP) and Marshgate Ltd (MG).

2021/22 QLLP Net Expenditure Restated £'000	2021/22 MG Net Expenditure Restated £'000		2022/23 QLLP Net Expenditure £'000	2022/23 MG Net Expenditure £'000
(744)	-	Turnover	(2,169)	(60)
401	-	Cost of Sales	284	41
(343)	**-**	**Gross (Profit)/loss**	**(1,885)**	**(19)**
724	14	Other operational costs/revenues	1,126	(15)
-	-	Revaluation deficit on assets	-	-
381	**14**	**Net Cost of Sales as included in the Group CIES**	**759**	**(34)**
504	-	Financing costs	1,288	43
885	**14**	**Net (Profit)/loss for the period**	**529**	**(9)**

G7. Subsidiaries Summary Balance Sheet

QLLP 31-Mar-22 Restated £'000	MG 31-Mar-22 £'000			QLLP 31-Mar-23 £'000	MG 31-Mar-23 £'000
10,638	-	Tangible assets		15,939	-
-	611	Long Term Debtor		-	1,333
10,638	**611**	**Total Long Term Assets**		**15,939**	**1,333**
-	852	Inventories		-	5,490
381	-	Short Term Debtors	G7	841	98
3,323	9,716	Cash and Cash Equivalents		2,189	4,997
3,704	**11,179**	**Current Assets**		**3,030**	**10,585**
(989)	(12)	Creditors due in less than one year	G7	(800)	(2)
(989)	**(12)**	**Current Liabilities**		**(800)**	**(2)**
(10,946)	-	Finance Lease		(16,473)	-
(6,060)	(11,179)	Long term Borrowing		(5,878)	(11,938)
(17,006)	**(11,179)**	**Long Term Liabilities**		**(22,351)**	**(11,938)**
(3,653)	**(12)**	**Net Assets**		**(4,182)**	**(22)**
3,653	-	Partnership funds		4,182	-
-	-	Called up share capital £1.00		-	-
-	12	Profit and loss reserves		-	22
3,653	**12**	**Total Funds**		**4,182**	**22**

G8. Subsidiaries Short Term Debtors and Creditors

In the group accounts the transactions between the Council and Queensway LLP are eliminated.

QLLP 31-Mar-22 £'000	Debtors	QLLP 31-Mar-23 £'000	Marshgate 31-Mar-23 £'000
381	Trade Debtors	420	83
-	Other Debtors	421	14
381	**Total**	841	97

QLLP 31-Mar-22 Restated £'000	Marshgate 31-Mar-22 £'000	Creditors	QLLP 31-Mar-23 £'000	Marshgate 31-Mar-23 £'000
(239)	-	Net obligations under finance lease	(260)	-
(750)	-	Trade Creditors	(446)	(2)
-	(12)	Other Creditors	(94)	-
(989)	**(12)**	**Total**	**(800)**	**(2)**

Glossary of Terms

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
The actuarial assumptions have changed

Agency Services
Services which are provided by the Council for another Local Authority or public body and the principal (the authority responsible for the service) reimburses the agent (the authority doing the work) for the cost of the work carried out.

Amortisation
The measure of the cost or revalued amount of benefits of the intangible non-current asset that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a non-current asset whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

Appointed Auditors
Independent external auditors, that provide an audit opinion as to whether the Statement of Accounts shown are true and fair.

Balances
In general, the surplus or deficit on any account at the end of the financial year. Often used to refer to an available surplus, which has accumulated over a number of past years.

Budget
A statement defining in financial terms, the Council’s policies over a specified period of time.
Original Budget the estimate for a financial year approved by the Council before the start of the financial year.
Working Budget – an updated revision of the original budget for the financial year approved at Executive Meetings and/or Council Meetings throughout the year

Capital Expenditure
Expenditure on the acquisition of assets or works which have a long term value to the Council, either directly by the Council or indirectly in the form of grants to other persons or bodies. Expenditure which does not fall within this definition must be charged to a revenue account.

Capital Receipts
The proceeds from the disposal of land or other assets which can be used to finance new capital expenditure (but not revenue spending). The Local Government Act 2003 introduced new provisions whereby a proportion of local authority housing capital receipts must be paid into the Government’s National Pool (75% for Council houses and 50% for HRA land). This was amended for HRA receipts with changed with regard to the provision for new social housing (“one for one” receipts) and debt provision in 2012 following self-financing.

Capital Financing Costs
A charge to services to reflect the cost of assets used in the provision of the service.

Code of Practice
Code of Practice on Local Authority Accounting sets out the arrangements required to be followed in the Statement of Accounts. It constitutes 'proper accounting practice' and is recognised as such by statute.

Community Infrastructure Levy
The Community Infrastructure Levy (CIL) is a planning charge, introduced by the Planning Act 2008, as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area. The Levy was ratified on 29th February 2012 and applies to developments agreed after 1st April 2012.

CIPFA
Chartered Institute of Public Finance and Accountancy. The principal accounting body dealing with local government finance.

Collection Fund

Every billing authority (District/Borough Council) is required to maintain a Collection Fund into which is paid the Council Tax and National Non-Domestic Rates collected from the tax/rate payers. Payments are made from the Fund to the precepting authorities (County Council, Police Authority and District/Borough Council) whilst National Non-Domestic Rates income is passed to the Government.

Community Assets
Assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. An example of a community asset would be parks.

Contingent Asset
A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain events not wholly within the Council's control.

Contingent Liability
A contingent liability is a possible liability arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain events not wholly within the local authority's control.

Council Tax
The property based tax by which Local Authorities and Police Authorities, raise revenue from the local community. All domestic properties have been valued and placed within eight bandings to which is applied the local rate assessed by the relevant authorities. A discount on charges is applied where dwellings are occupied by only one adult. Rebates are available to those Council Tax payers meeting the Government's criteria.

Debt Charges
The repayment of money borrowed from a third party. These payments usually include repayment of part of the loan as well as interest. Also known as capital financing costs or loan charges.

Defined Benefit Scheme
A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Depreciation
The measure of the cost or revalued amount of benefits of the non-current asset that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a non-current asset whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

Earmarked Reserve
These are funds that are set aside for a specific purpose, or a particular service, or type of service. Stevenage Borough Council refers to these as “allocated reserves” in budget reports.

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

Extraordinary Items
Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur. They do not include exceptional items nor do they include prior period items merely because they relate to a prior period.

Fees and Charges
Income arising from the provision of services e.g. parking facilities, planning applications.

General Fund
The main revenue fund of the Council. Day to day spending on services is met from this fund. Spending on the provision of Council housing, however, must be charged to the separate Housing Revenue Account.

Going Concern
The concept that the authority will remain in operational existence for the foreseeable future, in particular that the Comprehensive Income and Expenditure Statement and Balance Sheet assume no intention to curtail significantly the scale of operations.

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

Heritage Assets

Assets that are held and maintained principally for their contribution to knowledge and culture and are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations.

Housing Revenue Account (HRA)
A separate account dealing with expenditure and income arising from the letting of Council dwellings. Expenditure includes supervision and management costs, repairs and capital financing charges. Income includes rent, Government subsidies and investment interest. It is a “ring fenced” (i.e. the transfer of amounts between the HRA and the General Fund is restricted by legislation).

Impairment
A reduction in the value of a non-current asset below its carrying amount on the Balance Sheet.

Infrastructure Assets
Expenditure on assets whose value is recoverable, e.g. roads footpaths, and bridges.

Interest on Balances and from Investments
The interest earned by investing the day to day surplus on the authority’s cash flow and balances in hand.

Non Domestic Rates (NDR)
A levy on businesses based on a notional rate in the pound (multiplier) set by Central Government and multiplied by the ‘rateable value’ (RV) of the premises they occupy. The amount depends on the RV assigned to the property by the District Valuer and the multiplier, which is uniform across the whole country.
The government compensates the council through a S31 grant for additional NDR reliefs announced in recent budgets

Net Book Value
The amount at which non-current assets are included in the balance sheet. This would be either the asset’s historic cost or current value less the cumulative amount provided for depreciation. It does not represent the sale value.

Overheads
Administration costs e.g. finance, personnel, information technology together with other central costs which cannot be allocated direct to services such as general expenses.

Precepts
Sums levied by District/Borough, County and Parish Councils and Police Authorities on the Collection Funds of billing authorities (Districts and Boroughs) and forming part of the overall demand for Council Tax.

Public Works Loan Board (PWLB)
A government agency established to provide long-term loans to local authorities to finance part of their capital expenditure.

Rateable Value

A value on all non-domestic properties subject to Non-Domestic Rates (NDR). The value is based on a notional rent that the property could be expected to yield and revaluations take place every five years.

Related Parties

For a relationship to be treated as a related party relationship there has to be some element of control or influence by one party over another, or by a third party over the two parties.

Revenue Contributions to Capital Outlay

Contributions from revenue to finance capital expenditure.

Revenue Expenditure

The day to day running costs incurred by the Council in providing its services.

Retrospective Restatement

Retrospective restatement of the financial statements will occur where there has been a change in accounting policy (unless there are specific transitional arrangements) or where material Prior Period errors have been identified. Correcting the recognition, measurement and disclosure amounts of elements of the financial statements as if a prior period error had never accorded. This is achieved by restating the comparative amounts for prior period(s) presenter in which the error occurred or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net worth for the earliest prior period presented.

Surplus

An excess of income over expenditure (or assets over liabilities).

Report of the External Auditors

To follow

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Meeting:	**Audit Committee**	**Agenda Item:**	
Portfolio Area:	All		
Date:	**6 June 2023**		

2022/23 Annual Governance Statement and Local Code of Corporate Governance

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1. PURPOSE

1.1. To advise Members of the Audit Committee on the content of the Council's Annual Governance Statement for 2022/23 and approve the changes to the Council's Local Code of Corporate Governance.

2. RECOMMENDATIONS

2.1. That Members of the Audit Committee approve the changes to the Council's Local Code of Corporate Governance (Appendix One).

2.2. That Members of the Audit Committee recommend the Council's 2022/23 Annual Governance Statement (Appendix Two), for approval by the Statement of Accounts Committee.

3. BACKGROUND

3.1 <u>CIPFA/SOLACE Framework and Guidance</u>

3.1.1 In 2006, CIPFA/SOLACE produced a publication called Delivering Good Governance in Local Government: Framework and Guidance. In April 2016, CIPFA/SOLACE published a reviewed Framework and Guidance that reflects the International Framework: 'Good Governance in the Public Sector'. The purpose of the Framework is to support each local authority in developing and shaping an informed approach to governance, aimed at achieving the highest standards of governance in a measured and proportionate way.

3.1.2 The 2016 CIPFA/SOLACE Framework identifies seven core principles:

A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law

B: Ensuring openness and comprehensive stakeholder engagement

(Principles A and B are considered fundamental and applicable through principles C to G)

C: Defining outcomes in terms of sustainable economic, social and environmental benefits

D: Determining the interventions necessary to optimise the achievement of intended outcomes

E: Developing the entity's capacity, including the capability of its leadership and the individuals within it.

F: Managing risks and performance through robust internal control and strong public financial management

G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

3.2 Local Code of Corporate Governance

3.2.1 The Local Code of Corporate Governance is a public statement of the ways in which the Council achieves good corporate governance. This is based on the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government: Framework (2016)' and focusses on the above mentioned seven core principles.

3.2.2 The arrangements set out in the Local Code of Corporate Governance and the Annual Governance Statement will allow the Council to move ahead with its corporate planning process confident that it can address the issues for governance and risk.

3.2.3 Within Stevenage Borough Council, Corporate Governance operates to:

- Establish and monitor the Council's vision and objectives
- Facilitate policy and decision making
- Ensure compliance with policies, procedures, laws and regulations
- Ensure the economic, efficient use of resources and secure continuous improvement
- Support delivery of high-quality services and effective performance management
- Identify and manage the Council's risks.

3.2.4 The Council's Local Code of Corporate Governance was last reported to this Committee on 8 June 2022. The code has been reviewed and is attached for reference at Appendix A. The changes made as a result of this year's review are summarised in the table below.

Principle	Change
Principle B	Changed to reflect new leisure provider (page 5 of the Code)
Principle B	The Payroll service added to the list of shared service arrangements (page 6 of the Code)
Principle D	Updated to reflect that the Leader's Making Your Money Count group has now changed its name to Council's Financial Security Group (page 8 of the Code)
Principle D	Changed to reflect that all key services now have Service Plans (page 9 of the Code)
Principle F	Changed to reflect new FTFC programme reporting arrangements (page 10 of the Code)
Principle F	Changed to reflect that performance measures have data quality checklists to ensure integrity of the data being reported (page 11 of the Code)

3.4 Annual Governance Statement

3.4.1 The Annual Governance Statement, at Appendix Two, is a statutory document which explains the processes and procedures in place to enable the Council to carry out its functions effectively. The statement is produced annually following a review of the Council's governance arrangements and includes an action plan to address any significant governance issues identified.

3.4.5 The Council has an agreed local framework for compiling the Annual Governance Statement. Arrangements for governance in 2022/23 have been reviewed in accordance with this local framework, as outlined below:

- Review existing governance arrangements against the CIPFA/SOLACE Framework.
- Update the Council's Local Code of Governance in accordance with this review.
- Identify systems, processes and documentation that provide evidence of compliance.
- Identify the issues that have not been addressed adequately in the Council and consider how they should be addressed.
- Identify the individuals who will be responsible for undertaking the actions required and plan accordingly.
- Prepare the 2022/23 Annual Governance Statement.

- Consideration of the Annual Governance Statement by senior management prior to consideration by Audit Committee. The Annual Governance Statement was considered at the Senior Leadership Team meeting on 16th May 2023.

- In year monitoring of the Council's status of corporate governance is carried out by Corporate Governance Group which is chaired by the Strategic Director (Chief Finance Officer).

3.4.6 Actions to enhance governance arrangements as a result of the above review were reported to Audit Committee at its meeting on 27th March 2023.

3.4.7 Actions identified which are recommended for inclusion in the Annual Governance Statement by the Shared Internal Audit Service or are considered important in the management of 'very high/high level' strategic risks, are set out in the Annual Governance Statement. By adopting this approach, any concerns over key controls that have a material effect on corporate governance arrangements and associated delivery of priority outcomes should be addressed.

3.4.8 The Annual Governance Statement actions for 2022/23 are outlined on pages 26-29 of the Annual Governance Statement.

3.4.9 Corporate Governance Group will monitor the delivery of governance actions, including the actions mentioned above and a six month progress update will be reported to Audit Committee in November.

3.4.10 The signatories to the Annual Governance Statement (The Leader of the Council and the Chief Executive) must be satisfied that the Council's governance arrangements continue to be fit for purpose and that significant actions identified to enhance governance arrangements are being addressed.

3.5 Corporate Backbone

3.5.1 The Council's corporate governance arrangements are evidenced by a number of policies, plans, processes and monitoring arrangements which are referred to as 'The Corporate Backbone' of the Council. The Corporate Backbone is attached as Appendix Three for reference.

3.6 2022/23 Audit Opinion

3.6.1 The Shared Internal Audit Service (SIAS) has assigned 'Reasonable' assurance for both financial systems and non-financial systems for 2022/23: meaning "there is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

3.7 Service Assurance Statements

3.7.1 All Assistant Directors complete a Service Assurance Statement each year. The Service Assurance Statement provides assurance that governance arrangements operated effectively during the year in respect of the business units for which the Assistant Director has responsibility.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 The Council's Local Code of Corporate Governance (Appendix One) has been updated to reflect changes to the Council's governance arrangements since its last review in June 2022 and Audit Committee is required to agree the revised Local Code of Corporate Governance.

4.2 The Annual Governance Statement (Appendix Two) must be considered by the Audit Committee before accompanying the Statement of Accounts.

4.3 The Annual Governance Statement is intended to provide public assurance that the Council has sound governance arrangements, including a sound system of internal control, designed to help manage and control business risk. The document is an important public expression of the arrangements the Council applies to achieve good business practice, high standards of conduct and sound governance.

5. IMPLICATIONS

5.6 Financial Implications

3.1.1. Robust scrutiny of the Council's Annual Governance Statement and Framework applied in line with best practice will further strengthen the Council's sound base of strong financial management and assist in reducing risk.

3.2. Legal Implications

3.2.1. It is a requirement of the Accounts and Audit (England) Regulations 2015 that the council publishes an Annual Governance Statement.

3.3. Risk Implications

3.3.1. A strong internal control environment contributes to the overall effective management of the Council and will minimise the risks of the Council failing to achieve its ambitions and priorities, and service improvements.

3.3.2. Without robust governance arrangements, there are potential service continuity and reputation risk implications.

3.4. Equalities and Diversity Implications

3.4.1. Officers responsible for the delivery of any improvement actions identified will also be responsible for completion of any relevant Equality Impact Assessments.

3.5. Other Corporate Implications

3.5.1. All aspects of the work of the Council are affected by its corporate governance arrangements, as well as the Council's partners in service delivery and other agencies with which the Council shares information. External bodies in particular, need to have confidence in the way the Council operates and this can be achieved by demonstrating robust governance arrangements that are fully embedded.

4. BACKGROUND DOCUMENTS

- CIPFA/SOLACE, 'Delivering Good Governance in Local Government (2016 Framework and Guidance)
- CIPFA/IFAC International Framework 'Good Governance in the Public Sector (published August 2014)
- Stevenage Borough Council's Local Framework for compiling the AGS

5. APPENDICES

- Appendix One – Local Code of Corporate Governance (June 2023)
- Appendix Two – 2022/23 Annual Governance Statement
- Appendix Three – Corporate Backbone