



STATEMENT OF ACCOUNTS COMMITTEE

Date: Wednesday, 18 February 2026

Time: 6.00pm,

Location: Council Chamber

Contact: Lisa Jerome 01438 242203

Members: Councillors: Jeannette Thomas (Chair), Myla Arceno, Kamal Choudhury, Forhad Chowdhury, Rob Henry, Lin Martin-Haugh, Robin Parker CC and Simon Speller

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 the Audit Committee.

2. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

3. 2024/25 STATEMENT OF ACCOUNTS AND EXTERNAL AUDIT REPORT

The Committee is requested to receive a presentation from the Assistant Director (Finance) on the External Auditor's (Azets Audit Services Limited) Audit Results Report for consideration and approval and the audited 2024/25 Financial Report including the Statement of Accounts.

Following the presentation, Members will be invited to ask questions of clarification.

At this juncture the Statement of Accounts Committee will adjourn to allow the Audit Committee to consider the report and to agree to any recommendations.

At the rise of the Audit Committee the Statement of Accounts Committee will reconvene and Members will receive details of any recommendations from the Audit Committee on this matter.

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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 paragraphs 1 – 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.

Meeting **AUDIT COMMITTEE/STATEMENT OF
ACCOUNTS COMMITTEE**

Portfolio Area: Resources and Performance

Date: **18 February 2026**



2024/25 STATEMENT OF ACCOUNTS AND EXTERNAL AUDIT REPORT

NON-KEY DECISION

Author – Rhona Bellis
Contributor – Atif Iqbal/Clare Fletcher/Martha Charima (Appendix 1)
Lead Officer – Atif Iqbal
Contact Officer – Atif Iqbal

1 **PURPOSE**

- 1.1 To present the External Auditor – Azets Audit Services Limited Audit Results Report for consideration and the audited 2024/25 Financial Report including the Statement of Accounts (SOA).

2 **RECOMMENDATIONS**

- 2.1 To receive and approve the 2024/25 Statement of Accounts for Stevenage BC for signing by the Chair of Audit Committee/Statement of Accounts Committee and the CFO.
- 2.2 To approve the delegation of authority to the CFO following consultation with the Chair of Audit Committee/Statement of Accounts Committee to make any minor amendments to the accounts as required prior to the completion of the audit.
- 2.3 To approve the 2024/25 Annual Governance Statements, which form part of the statement of accounts, and
- 2.4 To authorise the CFO, after consultation with the Chair of Audit Committee, to sign the letters of representation required as part of the 2024/25 external audit process.

3 BACKGROUND

- 3.1 This report is presented to the Audit Committee in its capacity as the body charged with Governance. The Auditor's results report produced by the Council's External Azets Audit Services Limited (Azets) is shown at appendix 1.
- 3.2 Local government accounts are based on an accounting code produced by CIPFA LASAAC. The code is an adaptation of International Financial Reporting Standards for the purposes of UK local government bodies. The accounts include a number of statutory overrides which are set out in note 15 of the SoA. The purpose of these overrides is to neutralise the impact of accounting standards on the Council's financial position.
- 3.3 Local government accounts include the following core statements:
- Comprehensive Income and Expenditure Statement (CIES) - recording all revenue income and expenditure for the year
 - Balance Sheet – showing the value of assets and liabilities held by the Council
 - Cashflow Statement – showing movements in cash and cash equivalents for the Council. Complementing the CIES and Balance Sheet which are completed on an accruals basis.
 - Movement in Reserves Statement (MiRS) – this is a local government specific statement. It shows how reserves have changed by removing accounting items in the CIES that are required by statute to not impact the Council's reserves – reconciling to the outturn position.
- 3.4 Notes to the Accounts provide further detail on individual line items in the core statements.
- 3.5 As previously reported to this committee, statutory backstop dates by which audited financial statements must be published including the audit option, were introduced to address the long-standing backlog of delayed audits.
- 3.6 The backstop date for publishing the audited Statement of Accounts for 2024/25 is 27 February 2026.
- 3.7 The 2024/25 General Fund and The Housing Revenue Account outturn position were presented to the Cabinet on 24 July 2024. The General Fund year end balances were reported as £6.5106Million and the HRA £10.926Million.
- 3.8 The Annual Governance Statement is shown as a separate document and is included at Appendix 2 to this report. This Committee is required to approve the SOA and the Annual Governance Statement.
- 3.9 The Council is required to send to the Council's External Auditors a Letter of Representation (Appendix 4 to follow on after completion of the audit).

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 Statement of Accounts (SOA)

4.1.1 The Statement of Accounts is Appendix A 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 audit there was no change to the General Fund or HRA balance reported to Cabinet at outturn.

4.2 Balance Sheet

4.2.1 A summary of the balance sheet is below:

31/03/2024 (Restated) £'000	Movement £'000 %			31/03/2025 £'000
932,151	15,068	2	Total Long Term Assets	947,220
48,297	23,715	49	Current Assets	72,012
(28,019)	406	(1)	Current Liabilities	(27,613)
(285,370)	(15,519)	5	Long Term Liabilities	(300,889)
667,060	23,670	4	Net Assets	690,730
(5,303)	(1,203)		General Fund	(6,506)
(10,584)	(342)		HRA Fund	(10,926)
(8,758)	(2,272)		Earmarked General Fund Reserves	(11,030)
(20,741)	3,455		Earmarked HRA Reserve	(17,286)
(33,999)	(14,388)		Other Usable Reserves	(48,387)
(79,385)	(14,750)	19	Total Usable Reserves	(94,135)
(587,675)	(8,920)	2	Unusable Reserves	(596,595)
(667,060)	(23,670)	4	Total Reserves	(690,730)

4.2.2 The overall movement in Long Term Assets is 2% of the balance, which is not significant. In that movement is £2.1 Million credit loss allowance provision relating to the Queensway LLP lease arrangement. This adjustment represents a reduction in the profitability in the LLP and requires a write down on the lease value, although this has no impact in the General Fund as it's reversed out under statute. The Queensway North development was initiated in 2018 as a catalyst for regeneration in the town centre but has found the retail environment challenging despite the risk mitigation included in the original deal and subsequently interventions. The Council's Medium Financial Strategy (MTFS) recognised this and has set aside an earmarked reserve to support the LLP. Members can find more information in the Wholly Owned Companies report to the October 2025 Cabinet meeting.

The Council engaged MUFG to advise on potential options for the company as a result of value for money recommendations raised by Azets in the 2023-24 audit report.

4.2.3 Current Assets have increased by 24Million overall mainly as a result of the following:

- Short Term Investments and Cash and Cash Equivalents balances have increased by £18Million over the year. PWLB borrowing of £13Million PWLB taken to re-finance HRA capital expenditure financed in the past by internal borrowing effectively replaced internal borrowing and replenished cash and short term investment balances, which had reduced to £26Million as at 31.3.24. The council aims to have at least £30Million in these balances to ensure the smooth running of the councils operations.

Cash balances can vary day to day by multiple millions. At year end the balance may be impacted by the timing of the last suppliers payments via BACS which can be ~ £3Million per week.

- Short term debtors increased by £7.2Million over the year.
 - Loan to Marshgate £3Million moved from long to short term debtors as repayment due within 1 year of 31.3.25.
 - Section 31 grant balance – a £1.7M increase over the year is due to timing differences in cash receipts, year-end accruals and the DLUHC settlement adjustment relating to NNDR yearend actual position.

4.2.4 Long Term Liabilities have increased overall by £15.5Million mainly as a result of the following:

- Additional £13Million PWLB borrowing taken in year to support the HRA capital programme delivery in line with the budget.
- Long Term Local Government Pension liability £2Million - based on external actuarial estimates this long term liability can vary significantly between years. The balance as at 31.March 2025 is £22Million. The equivalent movement also forms part of the movement in unusable reserves as the movement in these estimates is not chargeable to the council tax payer.

4.2.5 Other Useable Reserves increased by £14Million mainly as a result of the following:

- Unallocated Capital Grants balance increased by £18Million.
 - Increase in CIL balances £1.6Million
 - Homes England grant £8Million awarded and not yet spent

- Towns fund grant funding, £13Million received in 2024/25, £5Million of the balance used to fund capital expenditure in year – overall increase £8Million
- Capital Receipts reserve balance increase £2Million, this is a combination of capital receipts in year less . Notable capital receipts were –
- Shehall View - £4.5Million
- Right to Buy Sales - £6Million

Capital receipts used to fund capital expenditure in the year was £10Million.

- Major repairs reserve balance brought forward of £6Million used in year to finance HRA capital expenditure leaving a nil balance as at 31.3.25.
- 4.2.6 Earmarked General Fund Reserves increased by £2.2Million - £2Million of which related to the the NNDR earmarked reserve, maintained to manage fluctuations in business rates income and to smooth the impact of Collection Fund surpluses and deficits on the Council's finances. The increase in the reserve in 2024/25 primarily reflected prior year gains from 2023/24 returned from the Collection Fund and estimated 2024/25 gains above the £200K retained in the General Fund. Members should note that as Business Rate gains in anyone year can significantly fluctuate only £200K is used to support services with the remaining monies used for one off priority initiatives such as regeneration or the apprentice scheme, .
- 4.2.7 Earmarked HRA Reserves decreased by £3.5Million - the Interest Equalisation Reserve was set up to allow the HRA to absorb interest rate increases in the short term. Due to recent higher interest rates and the planned conversion of internal debt to external borrowing, this reserve was budgeted to be returned to the I HRA general balances for use in meeting current and future interest payments.
- 4.2.8 Unusable Reserves increased by £9Million was mainly due to capital transactions asset revaluation net unrealised losses of £13Million and £2.4Million pension reserve movement as mentioned above.

4.3 CIES and MiRS

- 4.3.1 Local government accounting requires the production of a comprehensive income and expenditure statement and movement in reserves statements, using International Financial Accounting Standards (IFRS). The movement in reserves statement is designed to adjust for technical transactions such as depreciation, which regulation dictates should not impact the bottom line of local authority accounts. Statutory overrides allows these to be reversed out.

4.3.2 A reconciliation of the Comprehensive Income and Expenditure Statement (CIES) with budget monitoring is shown below.

	General Fund Balance 2024/25 £'000	Housing Revenue Account 2024/25 £'000
(Surplus)/Deficit for the year	(22,257)	(13,278)
Technical Accounting adjustments	18,782	16,391
(Use)/Top up of Earmarked Reserves	2,272	(3,455)
Net (Surplus)/deficit against budget	(1,203)	(342)

4.3.3 The technical accounting adjustments consist of movements for:

- Neutralisation of depreciation
- Revaluation gain/losses for the Council's property portfolio
- The transfer of capital grants to be capital grants reserve
- Revenue expenditure funded from capital under statute
- Adjustments to the pension reserve which neutralises the current service costs and ensures that the actuarial estimates are not charge to council tax

4.3.4 **Prior Year Restatement**

Corrections in categorisations of the opening balances of land and buildings and assets held for sale have

- Transfer of HRA asset improvements from General fund land and buildings to Council Dwellings £2.4Million, associated revaluation correction – reduction to asset value and revaluation reserve £2.4Million
- Reclassification of an asset held for sale to Investment property £2Million.

4.3.5 **Audit fee and associated costs**

Fees		£
Audit (Azets)	Agreed	219,875
	Proposed additional subject to PSAA referral	99,702
		319,577
Asset Valuations		28,935
External Advise (MUFG)		24,600
		373,112

4.4 External Auditor's Conclusion

- 4.4.1 As the Council's appointed Azets 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.
- 4.4.2 At the time the time of writing the report, no objections were received by electors to the 2024/25 accounts.
- 4.4.3 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

- 4TH Quarter Revenue Monitoring Report 2024/25 - General Fund, HRA, Capital and Group Companies (9 July 2025 Cabinet)

APPENDICES

- Appendix 1 – Annual Results Report
- Appendix 2 – Annual Governance Statement
- **Appendix 3 – Statement of Accounts 2024/25**
- Appendix 4 – Draft Letter of Representation
- Appendix 5 – Draft Audit Report 2024/25

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Stevenage Borough Council

Audit Completion Report
Year ended 31 March 2025

February 2026

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This report has been prepared for the sole use of those charged with governance, should not be quoted in whole or in part without our prior written consent, and should not be relied upon by third parties. No responsibility is assumed by Azets Audit Services to any third parties. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Additional documents presented

Draft letter of management representations	
Draft audit report (opinion)	

Purpose of this report

This report highlights the significant findings arising from the audit. We are responsible for performing the audit in accordance with International Standards on Auditing (UK), and the National Audit Office Code of Audit Practice and associated Auditor Guidance Notes.

Our audit is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Audit Committee. Under the Code of Audit Practice, we are also required to consider the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources and to report any significant weaknesses we identify. However, our audit is not designed to test all internal controls or identify all areas of control weakness. As such, our work cannot be relied upon to disclose all errors or other irregularities, or to include all possible improvements in internal control that a more extensive examination might identify.

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements, as a whole, are free from material misstatement, whether caused by fraud or error.



Executive summary

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Executive summary

This section summarises, for the benefit of Those Charged with Governance, the status of our audit of Stevenage Borough Council for the year ending 31 March 2025 and the key findings and other matters arising from our audit.

Financial Statements

As at the date of writing, we have completed a number of areas of our scoped audit work. Where our work is concluded we have set out the details of the work undertaken and our findings in the body of this report. Where audit work has been started but not yet concluded we have highlighted the work undertaken to date and the reasons why the work is not able to be concluded.

From the work we have completed we have not identified any adjustments to the Council's financial statements which impact the reported financial outturn. Management has agreed to amend the accounts for all material adjustments and disclosure issues identified during the audit. We have raised recommendations for management as a result of our work.

The quality of the accounts and evidence provided was good. Management have been responsive and helpful in facilitating the audit which has enabled us to progress our work. Due to the challenges of undertaking an audit where the previous three years have been disclaimed because of the local authority backstop, it has not been possible to regain full assurance, and it is not possible for us to undertake sufficient work to support an unmodified audit opinion ahead of the backstop date of 27 February 2026. Undertaking work on balances that have not been subject to audit for several years necessarily means the audit on the current year balances takes longer than would ordinarily be the case. The limitations imposed from this lack of assurance on opening balances and closing balances in key areas means we are unable to form an opinion on the 2024/25 financial statements. We therefore intend to disclaim our opinion.

We are also unable to conclude that the other information included in the statement of accounts is consistent with our knowledge of the Council and Group and the financial statements we have audited. This is because we intend to disclaim our opinion.

It is important to note that build back is a comprehensive and time-consuming process which is compounded at a council such as Stevenage where added complexity is present by virtue of the Housing Revenue Account (HRA), group accounts, complexity of the asset portfolio and the income strip arrangement. Management has been engaged and supportive. The matters reported in this report are not a reflection of a lack of engagement from management nor a reflection of poor quality in management's processes or preparation. Rather they are unavoidable implications arising from a position wherein the Council's accounts have not been audited for several years.

Under International Standards on Auditing (UK) and the National Audit Office (NAO) Code of Audit Practice 2024, we are required to report whether, in our opinion:

- ▶ The financial statements give a true and fair view of the Council and Group's financial position and income and expenditure for the period; and
- ▶ The Council and Group's financial statements have been properly prepared in accordance with the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the UK (the 'CIPFA Code') 2024/25 and the Local Audit and Accountability Act 2014.

We are also required to report on whether the other information included in the Statement of Accounts (including the Narrative Report and Annual Governance Statement) is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Executive summary

Financial Statements

The audit has progressed well and substantially achieved the objectives for 2024/25. Our audit plan, reported in June 2025, set out the overarching approach to build-back that we had developed across the four-year period from 2024/25 to 2027/28. Management is engaged with the build back process and, following this year’s audit, the journey to build back has moved forward from the position at the end of 2023/24. Subject to the finalisation of a few residual procedures, the audit has achieved all the significant objectives for 2024/25 that were set out in the build-back plan.

Auditing balances, systems and processes that have not been subject to audit for several years means “normal” audit takes longer than would ordinarily be the case. In addition, designing and implementing our build-back approach has involved substantial technical consultation and senior level input, and has added considerable complexity for the audit team. We will hold a joint feedback and de-brief meeting with management prior to the start of the 2025/26 audit to identify opportunities for continuous improvement in the accounts, audit and build-back process. The progress achieved is summarised in the table below and over the page and reported in detail throughout this report:

Page 15	Audit objective	Planned for 2024/25?	Undertaken 2024/25?	Outcome
	Property Plant and Equipment, Investment Properties and Council Dwelling valuations: assurance of year end position as at 31 March 2025	Yes	Yes	Our work is substantially complete. Residual finalisation of procedures and queries is taking place to conclude our work with a view to securing full assurance over the valuation of other land and buildings, council dwellings and investment properties for 31 March 2025. This will enable management to take advantage of the new CIPFA Code indexation options in 2025/26, subject to agreement with the valuer.
	Year end balance sheet positions for all other balance sheet items as at 31 March 2025	Yes	Yes	We have concluded our work in all balance sheet areas with the following residual matters: <ul style="list-style-type: none">• Finalisation of our work confirming ownership of PPE assets and sample items relating to in year PPE additions• Finalisation of our work on collection fund, HRA and housing benefit debtors and creditors, which can only be concluded once we have regained collection fund and CIES assurance over the disclaimed period, and is planned to take place from 2025/26, in line with the previously reported build back plan• Receipt of missing third party confirmations for a small number of investments <div>continued....</div>



Executive summary

Financial Statements

Audit objective	Planned for 2024/25?	Undertaken 2024/25?	Outcome
Income strip	Yes	Yes	In 2023/24 and 2024/25 we undertook additional value for money work in our review of the overarching income strip arrangement and its associated risks. This work was reported in detail in our Auditor's Annual Reports for 2023/24 and 2024/25. In 2024/25 we have undertaken build-back procedures in respect of the detailed judgements supporting the accounting transactions for the income strip arrangement. This includes consideration of the approach adopted for calculating the expected interest rate, accounting for the 'lump sum' monies received as part of the arrangements and the accounting treatment for individual annual transactions throughout the disclaimed period. Our work is currently in progress but will be taken through to completion.
Build-back risk assessment in accordance with LARRIG06	Yes	Yes	Our work is substantially complete and comprises comprehensive procedures for both qualitative and quantitative risk assessment factors across the entire disclaimed period. This includes a detailed analysis of reserves movements over the period. Our work is subject to finalisation of residual queries
PPE build-back over the disclaimed period	Yes	Yes	Our work has gained some but not yet all assurance over the PPE movements in the disclaimed years. This work will be concluded in 2025/26.

Our progress this year is in line with that anticipated in the wider build back plan. Our work in 2025/26 will focus on:

- Obtaining full assurance for the 31 March 2026 balance sheet position, including pensions (IAS19) disclosures
- Obtaining assurance over 2025/26 CIES transactions
- Concluding our PPE build-back procedures
- Commencing our build-back procedures for the collection fund, housing revenue account and housing benefit expenditure, as well as historic income and expenditure CIES transactions throughout the disclaimed period.

Executive summary

Financial Statements

We have not altered our audit plan as formally presented to you on 3 June 2025.

Our audit approach has been based on gaining a thorough understanding of the Council and Group's control environment and has been risk based. This included:

- ▶ An evaluation of the Council and Group's internal control environment, including the IT systems and controls; and
- ▶ Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to our key audit risks.

At the completion of the audit, following the audit committee, we are required to undertake the following procedures:

- ▶ Final senior reviews and engagement lead 'stand back' review of the file
- ▶ Receipt and review of the management representation letter
- ▶ Receipt and review of the final, amended statement of accounts, narrative report and annual governance statement, appropriately signed and dated
- ▶ Response from management regarding subsequent events up to the date of the opinion
- ▶ Submission of our Whole of Government Accounts (WGA) return to the National Audit Office (NAO).

Executive summary

Value for money

We have completed our value for money work. Our detailed findings were reported in our Auditor's Annual Report in November 2025.

We have not identified any significant weaknesses in the Council's arrangements and so are satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Statutory duties

We have not exercised any of our additional statutory powers and duties.

We are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, under the NAO Code of Audit Practice.

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Certificate

We will not be able to certify the closure of the audit until:

- ▶ we have completed all work we are requested to undertake as a component auditor for Whole of Government Accounts (WGA), and we receive confirmation from the National Audit Office that the Comptroller and Audit General has certified the WGA for 2024/25

The Local Audit and Accountability Act 2014 (the Act) requires us to:

- ▶ report to you if we have applied any of the additional powers and duties available to us under the Act; and
- ▶ certify the closure of the audit.

Financial statements

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Quality Indicators

The following metrics are important in assessing the reliability of your financial reporting and response to the audit.

KEY:
RED Significant improvement required
AMBER Developing
GREEN Mature

Metric	Grading	Commentary
Quality and timeliness of draft financial statements	GREEN	The draft financial statements were provided on time and were complete. The Council published its accounts in line with statutory deadlines and advertised its inspection period appropriately. We did not encounter any significant issues related to the quality of the accounts although we did identify a number of amendments which were required.
Quality of working papers provided and adherence to timetable	AMBER	The working papers provided were of high quality and were delivered in a timely manner. As a result, we were able to start the audit on time and as planned. There was a prompt turnaround by management on the inquiries made by the audit team. However, we encountered challenges with the transaction listings. When requested, the finance team produced a list of items relating to converting the General Fund to the CIES, such as presenting investment income and expenditure in Financing and Investment Income & Expenditure rather than in cost of sales.
Timing and quality of key accounting judgements	AMBER	We did not encounter any significant challenges in the timing and quality of key accounting judgements. However, the final valuation report was not received until after the draft accounts had been published. In addition, the specialist accounting advice on the income strip was not received until late autumn. Both reports, once received, required material amendment to the financial statements.
Access to finance team and other key personnel	GREEN	The finance team, including the management expert, was available as agreed and responsive to our audit queries. They have been very helpful in their engagement with the audit. Queries were responded to promptly and comprehensively, particularly by the Head of Technical Accounting, who was extremely knowledgeable, helpful and engaged.
Quality and timeliness of narrative report and annual governance statement	GREEN	The draft financial statements were received on 30 June 2025. From the work undertaken in the time available ahead of the statutory backstop, we did not identify significant issues related to the quality of the narrative report and annual governance statement.
Volume and magnitude of identified errors	AMBER	From the work we have been able to undertake, we identified amendments required in the financial statements which are detailed later in this report. Management has agreed to amend the accounts in respect of these matters where appropriate. We have determined that the imposition of the national backstop has created time constraints which impede our ability to complete all necessary procedures to obtain sufficient appropriate audit evidence and to fulfil the objectives of all the relevant ISAs (UK) in relation to balances. As a result of the material and pervasive nature of missing assurance, and the imminent statutory backstop date of 27 February 2026 for the 2024/25 audit, we intend to disclaim the audit in our audit report.



Audit Timeline

The following metrics are important in assessing the reliability of your financial reporting and response to the audit.



Planning	Interim	Period end: 31 st March	Final accounts	Audit Committee	Completion	Sign off
<div> <div>Page 21</div> <ul style="list-style-type: none"> Identify changes in your business environment Determine materiality Scope the audit Risk assessment Planning meetings with management Planning requirements checklist to management Issue audit plan </div>	<ul style="list-style-type: none"> Document control design and effectiveness Discuss audit plan with audit committee Early testing 		<ul style="list-style-type: none"> Regular updates with management Undertake audit testing Review of narrative report and annual governance statement Conclude on significant risk areas Report observations on other risk areas, management judgements Draft Audit Completion Report Discuss report with management 	<ul style="list-style-type: none"> Discuss audit findings with audit committee Issue draft Audit Findings (ISA260) report Issue Auditor’s Annual Report (by 30 November) 	<ul style="list-style-type: none"> Subsequent events procedures Management representation letter Sign financial statements 	<ul style="list-style-type: none"> Sign audit report opinion Issue delayed audit certificate

Materiality

We are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’. The assessment of what is material is a matter of professional judgement and is affected by our risk assessment and the needs of users of the financial statements.

At the planning stage of the audit, we determined overall materiality as £2,200k for the Group and £2,100k for the Council and performance materiality as £1,430k for the Group and £1,365k for the Council. On production of the financial statements, we reconsidered our materiality determination as communicated in the Audit Plan. We considered it appropriate to update our materiality due to the change in gross expenditure for 2024/25. Group materiality remained unchanged. Council materiality dropped by £100k due to actual expenditure in 2024/25 being lower than in 2023/24.

We have determined that no specific materiality levels needed to be set for this audit.

	Group £000	Council £000	Explanation
Overall materiality for the financial statements	2,200	2,000	This is approximately 2% of gross revenue expenditure based on the 2024/25 draft financial statements. This is a common measure for calculating materiality for councils as the users of the financial statements are considered to be most interested in where the Council has expended its income during the year.
Performance materiality	1,430	1,300	Performance materiality has been set at 65% of overall materiality. This is based on the internal control environment of the Council and reflects our risk assessed knowledge of the potential for errors occurring. It is intended to reduce, to an acceptably low level, the probability that cumulative undetected and uncorrected misstatements exceed materiality for the financial statements as a whole.
Trivial threshold	110	100	This is set at 5% of the overall materiality calculation. Individual errors above this threshold are communicated to those charged with governance.

Clearly trivial: matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria;
Material: an omission or misstatement that would reasonably influence the users of the financial statements.

Group audit

As group auditors under ISA (UK) 600, we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and regarding the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

For periods commencing on/after 15 December 2023 the auditing standard for group engagements (ISA (UK) 600) has been revised. The key changes that you may see reflected in the audit findings have been outlined below:

- ▶ Revisions to the definitions of a group and component extend the scope of the ISA to encompass a wider range of group scenarios. This means that a single legal entity could fall under the scope of the revised ISA600 based on its internal structure, while multiple legal entities may sometimes be defined as a single component
- ▶ There are increased leadership responsibilities and involvement requirements for the group engagement leader, particularly when component auditors are utilised
- ▶ In the UK, there is a specific requirement for all component auditors to confirm their ability and willingness to comply with the FRC's Ethical Standard, regardless of their local jurisdiction
- ▶ The analytical/desktop review designation, which triggered the lowest requirement for procedures deployed, has been removed from the scope of procedures performed over a component in response to risk

Risks at the component level

The risks identified at the Council are set out in this audit findings report. There are no additional risks identified in any of the other components above in respect of the Group audit.

Note that a component may require a statutory audit under UK or overseas company law irrespective of whether an audit is required for group reporting purposes. Management should therefore satisfy themselves that all UK and overseas company law requirements are adhered to on a component-by-component basis. Management informs us that both Queensway and Marshgate have filed audited accounts for 2024/25. The Joint Venture accounts to December 2025, which are the first accounts for this entity, are yet to be audited.

The table on the next page sets out the components within the group and our audit findings in respect of each component.

Group audit

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Component	Scope	Planned audit approach	Audit findings
Stevenage Borough Council	Full scope	Full scope statutory audit performed as set out in this report, amended due to impact of disclaimer	Our audit findings have been documented later in this report.
Queensway Properties (Stevenage) LLP	Specific scope	Specific scope procedures performed by group engagement team.	Our agreed approach for 2024/25 was to focus scale fee time on recovering year end balances for 2024/25 at the Council and, where possible, to extend this to transactions contained in the group accounts. For Queensway, this involves focusing on the assets and income strip transaction and for Marshgate focusing on the assets held by the component.
Marshgate Plc	Specific scope	Specific scope procedures performed by group engagement team.	
Joint Venture with Mace Development	Specific scope	Procedures to ensure accurate treatment of the Council's share in the Joint Venture	Our audit findings have been documented later in this report where relevant. Due to the time constraints arising from the statutory backstop, we have not been able to conclude all our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report

Full scope

Specific scope

None

Design and perform further audit procedures on the entire financial information of the component;

Design and perform further audit procedures on one or more classes of transactions, account balances or disclosures;

No further audit procedures required



Key audit findings

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Key audit findings: significant risks

This section includes a summary of audit findings relating to significant risk areas identified at planning and other risk areas that required special consideration or arose during the audit.

Significant risks are defined as risks that require special audit consideration and include risks of material misstatement that are close to the upper range of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement or are required to be treated as significant risks due to requirements of auditing standards.

The table below summarises the significant risks. Detail behind each risk and the work undertaken is set out on the subsequent pages.

Significant risk	Financial Statement / Assertion Level Risk	Fraud risk?	Approach to controls	Level of judgement / estimation uncertainty	Outcome of work
Management override of controls	Financial Statement Level	Yes	Assess design & implementation	Very high	We have undertaken our procedures in line with our build-back plan but are unable to reach a conclusion in this area for the reasons set out in the detail of this report. Along with other factors explained in this report, we plan to disclaim the opinion for 2024/25. We have raised control recommendations to address the issues encountered.
Prior year opinion on the financial statements (Council and group)	Financial Statement Level	No	Assess design & implementation	Very high	We have implemented an overarching build-back plan for the period 2024/25 to 2027/28. Current year findings are reported in this report. In line with our build back plan, we intend to disclaim the opinion for 2024/25.
Income Strip (Council and group)	Financial Statement Level	No	Assess design & implementation	Very high	Work in this area remains ongoing in line with the procedures set out in our build back plan. In line with our build back plan, we intend to disclaim the opinion for 2024/25.



Key audit findings: significant risks

Significant risk	Financial Statement / Assertion Level Risk	Fraud risk?	Approach to controls	Level of judgement / estimation uncertainty	Outcome of work
Valuation of council dwellings	Assertion Level	No	Assess design & implementation	High	<p>We have completed our procedures on council dwellings in line with our build back plan. We have reported matters arising in this report. We identified a material difference of circa £3m in the valuation of council dwellings: the draft valuation report prepared by the valuer indicated a total valuation of £722m, which was reported in the accounts, but the final report, received after the draft statement of accounts had already been published, shows a valuation of £719m.</p> <p>We have completed our testing on the Council's dwellings where the beacon approach was applied, and work on five samples relating to shared ownership properties is still ongoing.</p> <p>The Council's dwellings valued using the beacon approach have been appropriately valued by the Council's management expert, subject to the adjustments noted. However, as we do not have sufficient assurance over the opening balances, our audit opinion will be disclaimed.</p>

Key audit findings: significant risks

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Significant risk	Financial Statement / Assertion Level Risk	Fraud risk?	Approach to controls	Level of judgement / estimation uncertainty	Outcome of work
Presumption of fraud in revenue and expenditure recognition	Assertion Level	Rebutted	Assess design & implementation	Low	We rebutted the risk of fraud in revenue and expenditure recognition at the planning stage. Standard procedures were required in respect of these balances. In line with our build back plan, we intend to disclaim the opinion for 2024/25.
Valuation of land and buildings	Assertion Level	No	Assess design & implementation	High	We have undertaken our procedures in this area and have reported our findings in the detail of this report. Along with other factors explained in this report, we plan to disclaim the opinion for 2024/25.
Valuation of investment properties	Assertion Level	No	Assess design & implementation	High	We have commenced our procedures and they are currently being finalised in line with our build back plan. We are unable to reach a conclusion in this area. Along with other factors explained in this report, we plan to disclaim the opinion for 2024/25.
Valuation of pension assets and liabilities (IAS19)	Assertion Level	No	Assess design & implementation	High	We have undertaken specific procedures in line with our build back plan. We are unable to reach a conclusion in this area due to missing assurance from earlier years. Along with other factors explained in this report, we plan to disclaim the opinion for 2024/25.

Key audit findings: significant risks

Significant risks at the financial statement level

The table below summarises our conclusions on significant risks of material misstatement at the financial statement level for the 2024/25 accounts. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Management override of controls

Significant risk	Audit approach
<p>Management override of controls (Council and group)</p> <p>Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively.</p> <p>Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities.</p> <p>Specific areas of potential risk including manual journals, management estimates and judgements and one-off transactions outside the ordinary course of the business.</p> <p>Risk of material misstatement: Very High</p>	<p>Procedures to mitigate risks of material misstatement in this area included:</p> <ul style="list-style-type: none">• Documenting our understanding of the journals posting process and evaluated the design effectiveness of management controls over journals;• Analysing the journals listing and determined the criteria for selecting high risk and/or unusual journals;• Testing high risk and/or unusual journals posted during the year and after the draft accounts stage back to supporting documentation for appropriateness, corroboration and to ensure approval had been undertaken in line with the Council’s journals policy;• Gaining an understanding of the key accounting estimates and critical judgements made by management. We also challenged assumptions and considered reasonableness and indicators of bias which could have resulted in material misstatement due to fraud; and• Evaluating the rationale for any changes in accounting policies, estimate or significant unusual transactions.

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Key audit findings: significant risks

Management override of controls ...continued

Audit findings and conclusion	
Page 30	<p>The vast majority of the Council’s journals are processed through the ledger.</p>
	<p>On-ledger journals</p> <p>We have undertaken and completed our work in respect of the Council’s on-ledger journals and have no issues to report to you.</p>
	<p>Off-ledger journals</p> <p>In 2024/25 management processed 36 journals outside of the ledger, relating to adjustments required to meet reporting requirements in local authority accounting. This is done to mitigate added complexity which would otherwise be added to the Council’s management reporting requirements. The off-ledger journals do not impact the net 2024/25 outturn but require additional audit work. Off-ledger journals mean the general ledger does not map directly to the financial statements. It also means we have to undertake additional substantive procedures in respect of the off-ledger journals. Additional explanation and information was required to understand the rationale behind the journal postings, resulting in an increased number of follow up queries. Additional audit work was also required to undertake the data ingest and resolve reconciliation issues arising as a result. Management provided additional information to explain each manual journal. We were unable to reconcile the TB and GL to the “Income and Expenditure Analysis by Nature” set out in Note 5 to the financial statements. Management provided alternative backup to Note 5 on 3 February 2026; however, we have not been able to review this due to the time constraint imposed by the national statutory backstop. As a result, we have not yet been able to conclude our procedures in relation to these off-ledger journals.</p>
	<p>It should be noted that given the Council’s accounts have not been subject to audit for several years, it is not unexpected that more time is needed than in a ‘normal’ audit when recovering disclaimed positions. Additional time was therefore focused on this area in line with our build back plan.</p>
	<p>We cannot draw finalised conclusions from this work as not all of the planned areas of testing for this significant risk have been completed. For instance, we have been unable to reach a conclusion on all accounting estimates used by management in the financial statements, including property valuations, and therefore cannot conclude as to whether any management bias in significant account estimates exists, notwithstanding that our understanding of management’s judgements and estimates applied to the financial statements does not indicate this may be the case. This is due to the time constraints to perform sufficient procedures on these accounting estimates. The key judgements in the financial statements for 2024/25 are documented later in this report.</p>

Key audit findings: significant risks

Prior year opinion on the financial statements

Significant risks	Audit approach
<p>Prior year opinion on the financial statements (Council and group)</p> <p>As a result of the backstop implemented on 28 February 2025, a disclaimer audit opinion was provided on the council 2023/24 financial statements. Disclaimed audit opinions have also been provided on the Council’s accounts for the 2021/22 and 2022/23 years.</p> <p>As a result of prior year disclaimed audit opinion:</p> <ul style="list-style-type: none">• There is limited assurance available over the Council’s opening balances, including those balances which involve higher levels of management judgement and more complex estimation techniques (e.g. defined benefit pension valuations, land and building, council dwelling and investment property valuations, amongst others); and• Significant transactions, accounting treatment and management judgements may not have been subject to audits for one or more years – or at all. This may include management judgements and accounting treatment in respect of significant or complex schemes or transactions which came into effect during the qualified or disclaimed periods. <p>The absence of prior year assurance raises a significant risk of material misstatement at the financial statement level that may require additional audit procedures.</p> <p>Inherent risk of material misstatement: Very High</p>	<p>Procedures to mitigate risks of material misstatement in this area included:</p> <ul style="list-style-type: none">• Considering the findings and outcomes of prior year audits and their impact on the 2024/25 audit;• Considering the impact on our audit of qualified or disclaimed audit opinions, particularly regarding opening balances and ‘unaudited’ transactions and management judgements made in the previous years which continue into 2024/25; and• Considering the impact of any changes in Code requirements for financial reporting in previous and current audit years.

Key audit findings: significant risks

Prior year opinion on the financial statements ...continued

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Audit findings and conclusion

In our audit plan we communicated the high-level end-to-end indicative build-back plan. This envisages gaining assurance over the accounts from the period from 2024/25 to 2027/28. Our audit approach and procedures deployed in 2024/25 are in line with this approach. Our approach also includes the statutory guidance issued by the National Audit Office (NAO) in Local Audit Reset and Recovery Implementation Guidance (LARRIG) 01 to 06.

Our procedures in 2024/25 fell into two categories:

- **Procedures on the 2024/25 accounts with a view to gaining assurance over the year end position and identifying improvement suggestions for recovery work in future years.** Given the Council’s accounts have not been subject to audit for several years, it is not unexpected that more time is needed than in a ‘normal’ audit when recovering disclaimed positions. Additional time from within the scale was therefore focused on this in line with our build back plan. Our scale fee work in 2024/25 was focused on recovery of year end balance sheet positions, journals, fraud testing and in-year reserves movements and analysis. Our findings from this work are set out throughout this report.
- **Build-back procedures to gain assurance over disclaimed periods of account.** This work involves additional planning, in line with the statutory considerations set out in LARRIG06, additional risk assessment and additional substantive procedures over the disclaimed years. The substantive procedures also include substantive testing of Property, Plant and Equipment movements in disclaimed years and in future years will require substantive testing of income and expenditure transactions.

Build-back risk assessment procedures

Our build-back risk assessment procedures comprised two significant streams: the qualitative risk assessment and the quantitative risk assessment. The qualitative work, guided by LARRIG 06, focuses on assessing the inherent risk of material misstatement in opening General Fund (GF) and Housing Revenue Account (HRA) balances and associated earmarked reserves following prior-year disclaimers. This involves evaluating governance arrangements, the control environment, timeliness of accounts preparation, complexity of reserves, and risks arising from multiple disclaimed opinions. We have considered factors such as changes in personnel, financial systems, budgetary controls, and classification risks between capital and revenue transactions. Our planned response included enhanced inquiry, review of Annual Governance Statements, analytical procedures, and targeted substantive testing to evaluate these risks.



Key audit findings: significant risks

Prior year opinion on the financial statements continued....

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Audit findings and conclusion	
<p>The quantitative work relates to reconciling and validating movements within the Movement in Reserves Statement (MIRS) back to the last clean opinion (2020/21). This includes detailed testing of reserve movements, statutory adjustments and consistency checks across primary statements and supporting notes to evaluate accuracy and completeness of reported balances.</p>	
<p>We have undertaken procedures in respect of both the qualitative and quantitative risk assessment streams. We have not yet been able to conclude our procedures due to the impending backstop, but will continue this work as part of 2025/26. It is important to note that build back is a comprehensive and time-consuming process which is compounded at a council such as Stevenage; added complexity is present by virtue of the Housing Revenue Account (HRA), group accounts and income strip arrangement. The matters reported below are not a reflection of a lack of engagement from management nor a reflection of poor quality in management’s processes or preparation.</p>	
<p>Build-back risk assessment: Qualitative stream</p> <p>We have undertaken a full and comprehensive risk assessment in accordance with LARRIG06. Further information is reported in the build-back section of this report. As part of our procedures under this stream we had planned to reconcile the financial statements to the general ledger and the trial balance for the current year and each previously disclaimed year, tracing back to the last clean opinion dated 31 March 2021. The reconciliation for the accounts as at 31 March 2024 was completed in the prior year with no issues noted. For the years ended 31 March 2022 and 31 March 2023, we have reconciled the balance sheet to the trial balance (TB), with the exception of Note 5 – Expenditure and Income Analysis by Nature. However, we have not been able to reconcile the balance sheet to the general ledger (GL) due to manual adjustments resulting in material variances between each line item. Furthermore, we have been unable to reconcile the Comprehensive Income and Expenditure Statement (CIES) to the TB and GL due to these manual adjustments made by the Council. Additional time was spent by audit and management to interrogate these matters. We have agreed with management that there will not be sufficient time for the finalisation of this work ahead of the backstop date. We will continue this work during the 2025/26 audit.</p>	
<p>Build-back risk assessment: Quantitative stream</p> <p>We have undertaken procedures under this stream, which includes reconciling and validating movements within the Movement in Reserves Statement (MIRS) back to the last clean opinion. During our review we noted that several changes had been made to the comparatives in the 2022/23 accounts in these notes, meaning the comparatives differed from figures originally presented in the 2021/22 accounts. These changes resulted in variances between the revised adjustments note and the initial reserve movements note. This may be due to amendments in the unusable reserve analysis for the 2022/23 comparatives, but to confirm this we need to obtain additional detail on useable reserve movements sitting behind the 2022/23 and 2023/24 financial statements.</p>	



Key audit findings: significant risks

Prior year opinion on the financial statements continued....

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Audit findings and conclusion	
<p>Overall, the variances net to zero within individual reserves, so the closing balances appear reasonable. However, to verify this, we will need to request an updated analysis of movements in unusable reserves for 2021/22. If this aligns with the updated MIRS adjustments, we should be able to resolve most variances. Additional time was spent by audit and management to interrogate these matters. We intend to conclude this work in the coming months.</p>	
<p>Build-back substantive procedures</p> <p>A significant volume of substantive procedures are required to build-back assurance and recover the disclaimed opinion. These procedures, in line with our over-arching build-back plan, will take place over the coming years, with specific procedures taking place in 2024/25. In 2024/25, we planned to undertake substantive procedures in respect of Property, Plant and Equipment movements over the disclaimed period, and in respect of the Income Strip transactions over the disclaimed period. We report in the build-back section of this report the procedures undertaken and commentary to date.</p>	
<p>Conclusion:</p> <p>In 2024/25, we have:</p> <ul style="list-style-type: none">• Undertaken full scale fee work on current 2024/25 balances and journals and raised recommendations for management where action is needed to enable full assurance to be gained through audit, focusing our work on those balances most necessary to recover first under our over-arching build back plan• Undertaken significant and comprehensive build-back risk assessment procedures in line with LARRIG06, encompassing both qualitative and quantitative risk assessments• Undertaken procedures to build back assurance in respect of Property, Plant and Equipment and the Income Strip <p>Recovering the disclaimed position is a long-term and complex process, involving substantial volumes of audit work and significant time from management to facilitate such work. As set out in our indicative build-back plan, along with the other factors explained in the report, we plan to issue a disclaimer of opinion for the financial year 2024/25. Due to audit opinions on the prior years' financial statements being disclaimed, we have no assurance over the opening balances of the reserves and the balance sheet financial statement line items. This means we have no assurance on the movements in year and cannot gain sufficient audit evidence on the material accuracy of the financial statements at 31 March 2025.</p>	



Key audit findings: significant risks

Income strip

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Significant risks	Audit approach	Audit findings and conclusion
<p>Income Strip (Council and group)</p> <p>The Council has entered a complex and financially significant income strip scheme. This requires the recognition of an asset, a significant finance lease liability and management judgement on accounting for various transactions related to this scheme. The complexity of the accounting is greater as part of this transaction sits within the Council’s subsidiary entity.</p> <p>The Council will also need to consider the impact of IFRS16 on the income strip arrangement and how this is accounted for within the financial statements.</p> <p>The accounting transactions of the income strip affect various assertions across multiple items of account in the CIES, balance sheet and Movement in Reserves statement. We have therefore assessed this as a financial statements level risk.</p> <p>Inherent risk of material misstatement: Very High</p>	<p>Procedures to mitigate risks of material misstatement in this area included:</p> <ul style="list-style-type: none">• Reviewing management’s accounting treatment for this transaction, including revenue flows in year and the value of long and short-term assets and liabilities associated with the scheme• Assessing management’s accounting treatment against the requirements of the CIPFA Code and International Financial Reporting Standards.• Assessing management’s judgement on the impact of IFRS16 on the accounting for income strip transactions.	<p>As part of our work, we have documented our understanding of the income strip process and evaluated the design effectiveness of management controls over income strip transactions. Work remains ongoing including finalisation of agreement of accounting entries to the trial balance and to supporting records and working papers.</p> <p>In the prior year we recommended that management consider the impact of any expected credit loss in the long-term debtor expected to be paid by the subsidiary company. Management commissioned specialist advice to consider this. The advice indicated that an expected credit loss in excess of £2m could be required. Management has decided to amend the accounts to reflect this impairment.</p> <p>Our work on the detailed accounting supporting the income strip remains ongoing. In line with the build-back plan the completion of this work will not enable the disclaimer to be lifted and, along with the other factors explained in the report, we therefore plan to issue a disclaimer of opinion for the financial year 2024/25.</p>



Key audit findings: significant risks

Significant risks at the assertion level for classes of transaction, account balances and disclosures

The following tables summarise conclusions in relation to significant risks of material misstatement at the assertion level for classes of transaction, account balances and disclosures in the 2024/25 accounts.

Key audit findings: significant risks

Fraud in revenue recognition and expenditure

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Significant risk	Audit approach	Audit findings and conclusion
<p>Fraud in revenue recognition and expenditure (Council and group)</p> <p>Material misstatement due to fraudulent financial reporting relating to revenue recognition is a rebuttable presumed risk in ISA (UK) 240. Having considered the nature of the revenue streams at the Council, we consider that the risk of fraud in revenue recognition can be rebutted on all income streams because:</p> <ul style="list-style-type: none"> • there is little opportunity available to manipulate revenue recognition; • there is limited incentive to manipulate revenue recognition • the Council's existing income transactions do not provide a significant opportunity to manipulate income between years in any meaningful way or to adopt aggressive recognition policies <p>We have also considered Practice Note 10, which comments that for certain public bodies, the risk of manipulating expenditure could exceed the risk of the manipulation of revenue. We have therefore also considered the risk of fraud in expenditure at the Council, and we are satisfied that this is not a significant risk for the reasons set out below:</p> <ul style="list-style-type: none"> • significant amount of expenditure is in relation to pay, and • non-pay expenditure reflected in the Council's financial statements exhibits a straightforward nature, characterised by reduced subjectivity, and there is little incentive to management to manipulate expenditure. <p>Inherent risk of material misstatement: (Existence and Occurrence): Low</p>	<p>As we had rebutted the presumption of risk in both expenditure and income recognition, standard procedures to mitigate risks of material misstatement in this area included:</p> <ul style="list-style-type: none"> • Documenting our understanding of the Council's systems for income and expenditure to identify significant classes of transactions, account balances, and disclosures with a risk of material misstatement in the financial statements. • Evaluating the Council's accounting policies for recognition of income and expenditure and compliance with the CIPFA Code. • Substantively testing material income and expenditure streams using analytical procedures and sample testing of transactions recognised for the year 	<p>We have undertaken procedures to document our understanding of the Council's systems for income and expenditure to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement in the financial statements. We agreed debtors and creditors to the general ledger and supporting working papers.</p> <p>In line with our build back plan we have not evaluated the Council's accounting policies for recognition of income and expenditure and compliance with the CIPFA Code. Substantive testing of material income and expenditure streams is planned in future years as part of the build-back plan and, in 2024/25, this time was re-focused to support additional work undertaken on journals, ledger reconciliations, property, plant and equipment and significant balance sheet items.</p> <p>We have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK). Along with other factors explained in this report, we plan to disclaim the opinion for 2024/25.</p>



Key audit findings: significant risks

Valuation of land and buildings

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Significant risks	Audit approach
<p>Valuation of land and buildings (key accounting estimate) (Council and group)</p> <p>The Council carries out a rolling programme of revaluations to ensure all property, plant and equipment required to be measured at fair value is revalued at each 1 April</p> <p>Management engaged the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS), to undertake these valuations as of 31 March 2025. The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates.</p> <p>These valuations represent a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurements and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of other land and buildings as a significant risk.</p> <p>We further pinpointed this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations to those assets where the value was individually significant and where the in-year valuation movements fell outside of our expectations.</p> <p>Inherent risk of material misstatement: Land and Buildings (valuation): High</p>	<p>Procedures to mitigate risks of material misstatement in this area included:</p> <ul style="list-style-type: none">• Evaluating management processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts, and the scope of their work;• Evaluating the competence, capabilities, and objectivity of management’s valuation expert;• Considering the basis on which the valuations are carried out and challenging the key assumptions applied;• Evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data. We will consider whether we require an auditor’s expert;• For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding;• Ensuring revaluations made during the year have been input correctly to the fixed asset register and that the accounting treatment within the financial statements is correct; and• Evaluating the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially different to the current value.



Key audit findings: significant risks

Valuation of land and buildings continued....

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Audit findings and conclusion	
	<p>We have commenced our procedures in this area. Work is ongoing at the time of drafting this report and will be concluded to gain assurance over the 31 March 2025 valuations for operational land and buildings in line with our build-back plan.</p>
	<p>We have evaluated management processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work, evaluated the competence, capabilities, and objectivity of management’s valuation expert and undertaken a walkthrough of the design and implementation of management’s processes for determining the valuation accounting entries in the financial statements. We have reconciled the accounting entries to the general ledger and the fixed asset register. We have analysed the fixed asset base in detail and undertaken procedures to enable us to pinpoint our significant risk within the wider population, focusing on the materiality of individual valuations and movements in valuation against expectations. We have analysed the population and selected a sample for detailed testing. Work remains ongoing to conclude the testing of this valuation sample.</p>
	<p>The year-end figures for operational land and buildings in the accounts were immaterially different from the figures in the valuer’s report, as the Council had used the draft valuation report. The Council has also made an adjustment in relation to the 2023/24 brought-forward balances, with a consequential impact on the 2024/25 financial year. The Council has explained that a cost centre identified in the 2023/24 year-end working papers as an addition to dwellings stock was capitalised in the fixed asset register as plant and equipment with a five-year useful life. The Council has further indicated that the subsequent reconciliation to Centros reflected this classification in error hence plant and equipment was overstated and council dwellings understated by £2,484k as at 31 March 2024. The 2024/25 depreciation charges have been amended by the Council to reflect the corrected classification, resulting in a reduction to the HRA depreciation charge of £497k. These differences are noted later in this report.</p>
	<p>The final valuation reports were only received after the publication of the financial statements. Management has informed us that a timetable was agreed with the valuers before year end for the timely delivery of the final reports but that an issue with communication between the Council and Savills meant the final report was not issued until after the accounts had been finalised.</p>
	<p>Whilst we intend to conclude this piece of work as part of our 2024/25 audit, such that we have obtained assurance over the opening position for 2025/26, along with the other factors explained in the report, we plan to issue a disclaimer of opinion for the financial year 2024/25. More detailed findings on our consideration of this estimate are contained later in this report.</p>



Key audit findings: significant risks

Valuation of council dwellings

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Significant risks	Audit approach
<p>Valuation of council dwellings (key accounting estimate) (Council) The Council carries full revaluation of Council dwellings annually.</p> <p>Management engage the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS), to undertake these valuations as of 31 March 2025. The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates.</p> <p>These valuations represent a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurements and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of council dwellings as a significant risk.</p> <p>We further pinpointed this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations to those assets where the in-year valuation movements fell outside of our expectations.</p> <p>Inherent risk of material misstatement: Council dwellings (valuation): High</p>	<p>Procedures to mitigate risks of material misstatement in this area included:</p> <ul style="list-style-type: none">• Evaluating management processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts, and the scope of their work;• Evaluating the competence, capabilities, and objectivity of management’s valuation expert;• Considering the basis on which the valuations are carried out and challenging the key assumptions applied;• Evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data. We will consider whether we require an auditor’s expert;• For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding;• Ensuring revaluations made during the year have been input correctly to the fixed asset register and that the accounting treatment within the financial statements is correct; and• Evaluating the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially different to the current value.

Key audit findings: significant risks

Valuation of council dwellings continued....

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Audit findings and conclusion

We have undertaken and concluded all of our procedures on council dwellings with some issues being noted. We have reconciled the accounting entries to the general ledger and the fixed asset register. We identified a material difference of circa £3m in the valuation of council dwellings. We have analysed the fixed asset base in detail and undertaken procedures to enable us to pinpoint our significant risk within the wider population, focusing on the materiality of individual valuations and movements in valuation against expectations. We have analysed the population and selected a sample for detailed testing.

The draft valuation report prepared by the valuer indicated a total valuation of £722m, which was reported in the accounts, but the final report, received after the draft statement of accounts had already been published, shows a valuation of £719m.

Under IAS 10, this constitutes a post–balance adjustable sheet event, as the final valuation provides evidence of conditions that existed at the reporting date and the difference is material. Management have agreed to make the necessary adjustments to the financial statements. Further detail on the accounting entries is reported within the audit adjustments sections.

We have completed our testing on the Council’s dwellings where the beacon approach was applied, and work on five samples relating to shared ownership properties is still ongoing. The Council’s dwellings valued using the beacon approach have been appropriately valued by the Council’s management expert, subject to the adjustments noted. Along with the other factors explained in the report, we therefore plan to issue a disclaimer of opinion for the financial year 2024/25. More detailed findings on our consideration of this estimate are contained later in this report.



Key audit findings: significant risks

Valuation of investment properties

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Significant risks	Audit approach
<p>Valuation of investment properties (key accounting estimate) (Council and group)</p> <p>The Council carries out a full revaluation of its investment property annually.</p> <p>Management engage the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS), to undertake these valuations as of 31 March 2025. The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates.</p> <p>These valuations represent a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurements and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of council dwellings as a significant risk.</p> <p>We further pinpointed this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations to those assets which were individually significant and where the in-year valuation movements fell outside of our expectations.</p> <p>Inherent risk of material misstatement: Investment properties (valuation): High</p>	<p>Procedures to mitigate risks of material misstatement in this area included:</p> <ul style="list-style-type: none">• Evaluating management processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts, and the scope of their work;• Evaluating the competence, capabilities, and objectivity of management's valuation expert;• Considering the basis on which the valuations are carried out and challenging the key assumptions applied;• Evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data. We will consider whether we require an auditor's expert;• For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding;• Ensuring revaluations made during the year have been input correctly to the fixed asset register and that the accounting treatment within the financial statements is correct; and• Evaluating the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially different to the current value.

Key audit findings: significant risks

Valuation of investment properties continued....

Audit findings and conclusion	
Page 43	<p>We have commenced our procedures in this area. Work is ongoing at the time of drafting this report, and we intend to conclude this work to gain assurance over the 31 March 2025 valuations for investment properties. To date we have evaluated management processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work, evaluated the competence, capabilities, and objectivity of management’s valuation expert and undertaken a walkthrough of the design and implementation of management’s processes for determining the valuation accounting entries in the financial statements. We have reconciled the accounting entries to the general ledger and the fixed asset register.</p>
	<p>We have analysed the fixed asset base in detail and undertaken procedures to enable us to pinpoint our significant risk within the wider population, focusing on the materiality of individual valuations and movements in valuation against expectations. We have analysed the population and selected a sample for detailed testing. Work remains ongoing to conclude the testing of this valuation sample.</p>
	<p>Whilst we intend to conclude this piece of work as part of our 2024/25 audit, based on the above, we are unable to reach a conclusion on this area. Along with the other factors explained in the report, we therefore plan to issue a disclaimer of opinion for the financial year 2024/25. More detailed findings on our consideration of this estimate are contained later in this report.</p>

Key audit findings: significant risks

Valuation of pension assets and liabilities

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Significant risks	Audit approach
<p>Valuation of pension assets and liabilities (IAS19) (key accounting estimate) (Council)</p> <p>An actuarial estimate of the net defined pension liability/asset is calculated on an annual basis under IAS 19 'Employee Benefits', and on a triennial funding basis, by an independent firm of actuaries with specialist knowledge and experience. The triennial estimates are based on the most up to date membership data held by the pension fund and a roll forward approach is used in intervening years, as permitted by the CIPFA Code.</p> <p>The calculations involve a number of key assumptions, such as discount rates and inflation and local factors such as mortality rates and expected pay rises. The estimates are highly sensitive to changes in these assumptions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external experts (the actuary) and the methods, assumptions and source data underlying the estimates.</p> <p>This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of the net pension liability/asset as a significant risk.</p> <p>Inherent risk of material misstatement: –Pension assets and liabilities (valuation): High</p>	<p>Procedures to mitigate risks of material misstatement in this area included:</p> <ul style="list-style-type: none">• Evaluating management's processes for the calculation of the estimate, the instructions issued to management's expert (the actuary) and the scope of their work;• Evaluating the competence, capabilities and objectivity of the actuary;• Assessing the controls in place to ensure that the data provided to the actuary by the Council and their pension fund was accurate and complete;• Evaluating the methods, assumptions and source data used by the actuary in their valuations, with the support of an auditors' expert;• Evaluating whether any asset ceiling was appropriately considered (if applicable) when determining the value of any pension asset included in the financial statements;• Assessing the impact of any significant differences between the estimated gross asset valuations included in the financial statements and the Council's share of the investment valuations in the audited pension fund accounts'; and• Ensuring pension valuation movements for the year and related disclosures have been correctly reflected in the financial statements

Key audit findings: significant risks

Valuation of pension assets and liabilities continued....

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Audit findings and conclusion

We have commenced the planned procedures over this item of account in line with our overarching build-back plan. Further detailed work will take place in 2025/26, as previously communicated, following the next triennial valuation. We have evaluated management processes and assumptions for the calculation of the estimate, the instructions issued to the actuary and the scope of their work, evaluated the competence, capabilities, and objectivity of management’s valuation expert and undertaken a walkthrough of the design and implementation of management’s processes for determining the pension accounting entries in the financial statements. We have also agreed the pension liability disclosures to the actuarial IAS19 report.

We have not been able to gain any assurance over year-on-year movements, interest costs, interest on assets, actual return on asset, share of assets and service costs due to the prior year balances being disclaimed, meaning we have no assurance over opening balances. These areas are directly influenced by the opening balances.

In addition, we have not been provided with assurance by the pension fund auditor over membership of the pension fund back to the last triennial valuation.

We wrote to the current pension fund auditor on 17 July 2025 requesting assurance over the membership data. No response was received until 19 January 2026. In this letter the pension fund auditor stated that the audit of the pension fund accounts was not yet complete and no opinion had been issued. However, they stated that in respect of the assurances we required of them, they had undertaken their procedures and no exceptions were noted that they needed to report to us. However, this assurance is for the current year only and does not include assurance dating back to the previous triennial valuation. Obtaining such assurance is outside of management’s control. The next triennial valuation takes place in 2025/26 and the current pension fund auditor will be able to provide the required assurance from this date.

Due to audit opinions on the prior years’ financial statements being disclaimed, we have no assurance over the opening balances of the pension liability. This means we have no assurance on the movements in year and cannot gain sufficient audit evidence on the material accuracy of the valuation of the pension fund liability as at 31 March 2025. Therefore, we are unable to reach a conclusion on this area. Along with the other factors explained in the report, we therefore plan to disclaim the audit for the financial year 2024/25. More detailed findings on our consideration of this estimate are contained later in this report.



Key audit findings: other risks

Other risks

This section summarises conclusions in relation to other identified risks which, although not considered to be significant, required specific consideration during the audit, or were risks otherwise identified during the course of the audit

Other risks	Audit approach
<p>Implementation of IFRS 16 – key accounting estimate – (Council and group)</p> <p>As IFRS 16 was adopted and implemented by local government bodies under the Code of Audit Practice from 1 April 2024. Under IFRS 16 a lessee is required to recognise a right of use asset and associated lease liability in its Balance Sheet. This will result in significant changes to the accounting for leased assets and the associated disclosures within the financial statements for the year ended 31 March 2025.</p> <p>As of 31 March 2024, the Council does not have any material operating leases. At the time of issue of the audit plan we were waiting for the Council’s confirmation of the impact for 2024/25. This was subsequently reflected in the draft financial statements.</p> <p>The Council will also need to consider the impact of IFRS16 on the income strip arrangement and how this is accounted for within the financial statements.</p>	<p>Procedures to mitigate risks of material misstatement in this area included:</p> <ul style="list-style-type: none">• Assessing the appropriateness of the Council’s approach to identification of leases captured within the scope of IFRS 16, with a particular focus on ensuring completeness of leases;• Performing a walkthrough of the Council’s systems and processes to capture the data required to account for right of use (RoU) lease assets and associated liability in accordance with IFRS 16;• Reviewing the Council’s accounting policies for the year ended 31 March 2025 to reflect the requirements of the new accounting standard;• Assessing the existence, valuation, accuracy and completeness of the right of use assets and associates lease liabilities, and the related disclosures within the financial statements;• Assessing and testing Council’s method of valuing the lease liability attributed to the Queensway income strip scheme; and• Evaluating whether Right of Use assets and lease liabilities have been appropriately remeasured in line with the requirements of IFRS 16 as set out in the CIPFA Code.

Key audit findings: other risks

Other risks

Audit findings and conclusion

Implementation of IFRS 16 – key accounting estimate – (Council and group)....continued

We have commenced procedures in respect of the Council's IFRS 16 implementation, including our procedures over lease liabilities, disclosures, and related accounting. Management informed us they had not identified any material Right of Use Assets, individually or cumulatively. Those that were identified were considered to be below the de minimis level.

We reviewed managements arrangements for identification and their detailed considerations and assessment against the requirements of IFRS16. We challenged management on their judgements and reviewed the supporting information available. We agreed the entries to the TB and supporting working papers. At this stage, the procedures specifically relating to the remeasurement of the right-of-use (RoU) asset have not yet been completed. Other than this, we have no other issues to report to you from our work in this area.

Management has considered the impact of IFRS16 on the income strip arrangement and consider the accounting to be compliant. We are in the processes of undertaking our procedures in respect of management's accounting for the impact of IFRS16 on the income strip. This work remains ongoing

Based on the above, we are unable to reach a conclusion on this area. Along with the other factors explained in the report, we therefore plan to issue a disclaimer of opinion for the financial year 2024/25.

Key audit findings: other risks

Other risks

Other risks	Audit approach	Audit findings and conclusion
<p>Minimum revenue provision (MRP) – (Council)</p> <p>Linked to the risk of ‘misstatements due to fraud and error’, we consider specific areas where management makes significant judgements that impact charges to the General Fund balance. Local authorities are required to charge a ‘Minimum Revenue Provision’ (MRP) to the General Fund in each financial year related to borrowing. The calculation of this charge is based on the Capital Financing Requirement. Local authorities have flexibility in how they calculate MRP but need to ensure the calculation is prudent. In calculating a prudent provision, local authorities are required to have regard to statutory guidance. There is a risk that the Council may not be appropriately prudent in its calculation of MRP and/or not followed the relevant statutory guidance.</p>	<p>Procedures to mitigate risks of material misstatement in this area included:</p> <ul style="list-style-type: none">• Gaining an understanding of the processes and controls put in place by management to calculate the Minimum Revenue Provision (MRP)• Assessing and reviewing the calculation of the Capital Financing Requirement to ensure it is appropriate and consistent with other notes in the financial statements• Reviewing the MRP Policy statement and confirming consistency with prior year or any changes thereof• Evaluating the appropriateness of the Council’s MRP policy• Evaluating whether the MRP has been appropriately calculated in accordance with the latest statutory guidance.	<p>We have undertaken our procedures in this area. We updated our understanding of the processes and controls in place for calculating the Minimum Revenue Provision (MRP), including how voluntary MRP adjustments and statutory guidance are applied. We assessed and reviewed the calculation of the Capital Financing Requirement (CFR) to ensure it was appropriate and consistent with other financial statement disclosures, noting the residual general fund CFR of £26.5m for 2023/24. We reviewed the Council’s MRP Policy for 2024/25 and its update for 2025/26, confirming that the Asset Life Method (Option 3) is used and remains consistent with statutory guidance. We also evaluated the appropriateness of the policy, considering its alignment with MHCLG guidance and the treatment of HRA assets, the income strip lease and agreed determinations. We had planned to test whether the MRP charge was calculated correctly for a sample of assets but were unable to perform this procedure due to time constraints and the imposition of the backstop date.</p> <p>As we do not have any assurance over the opening CFR we therefore do not have assurance over the closing CFR. We therefore cannot conclude in full on the accuracy of the MRP calculation. Based on the above, we are unable to reach a conclusion on this area. Along with the other factors explained in the report, we therefore plan to issue a disclaimer of opinion for the financial year 2024/25.</p>

Key audit findings: other risks

Other risks

Significant risks	Audit approach	Audit findings and conclusion
Housing Revenue Account (HRA) – (Council) Expenditure by the HRA is tightly controlled by legislative requirements. HRA monies are ring-fenced and cannot be used for general fund purposes. Funds can also not be appropriated from the HRA and moved to the general fund.	Procedures to mitigate risks of material misstatement in this area included: <ul style="list-style-type: none">Reviewing expenditure incurred by the HRA to assess whether it is correctly accounted for within the HRA boundary	<p>In line with our build back plan we have not performed these procedures in 2024/25. Substantive testing of material income and expenditure streams, including reviewing specific HRA expenditure, is planned in future years as part of the build-back plan and, in 2024/25, this time was re-focused to support additional work undertaken on journals, ledger reconciliations, property, plant and equipment and significant balance sheet items.</p> <p>We have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK). Along with other factors explained in this report, we plan to disclaim the opinion for 2024/25.</p>

Key audit findings: other risks

Other risks

Significant risks	Audit approach	Audit findings and conclusion
<p>Valuation of Debtors (Council)</p> <p>The Council's accounts include debtors of circa £34m owed to the Council by the Council's subsidiary entities: Queensway (Stevenage) LLP and Marshgate Ltd. However, their ability to pay this is not certain based on their audited reported financial positions. It is important that the Council undertakes an expected credit loss assessment in line with International Financial Reporting Standard 9 (IFRS9) and requirements within the CIPFA Code of Practice on local authority accounting, to assess whether these £34m of long-term debtors should be impaired.</p> <p>The Council should ensure the financial risks related to both companies are fully considered and reflected in the financial statements of the Council, as the ultimate beneficial owner, ensuring any expected credit loss which may require recognition is included within the Council's annual financial position.</p> <p>The Council should also consider, if any guarantee is given to the subsidiaries to support their going concern, the impact this may have on the Council's financial statements and ensure it is appropriately accounted for within the Council's accounts</p>	<p>Procedures to mitigate risks of material misstatement in this area included:</p> <ul style="list-style-type: none"> Gaining an understanding of the processes and controls put in place by management to ensure compliance with the requirements of IFRS9 Gaining an understanding of any guarantees provided by the Council to the subsidiaries and assessing whether these have been correctly accounted for within the Council's financial statements 	<p>We have undertaken procedures in this area. We have agreed the accounting entries to the GL and supporting working papers. The £34m of long-term debtors due to the Council comprise £12m owed by Marshgate for repayment of a loan the Council provided to the subsidiary and £22m owed by Queensway (Stevenage) LLP, reflecting the full value of the lease liability owed by the Council to the income strip investor.</p> <p>The Council commissioned specialist accounting advice to assess whether the long-term debtors owed by both subsidiaries should be impaired. This advice was not received until after the draft accounts had been published and, thus, the draft accounts had not taken account of any expected credit loss impairment. Following consideration of this legal advice, the Council has calculated expected credit losses of £0.058m in respect of Marshgate and £2.1m in respect of Queensway. The Queensway expected credit loss reflects a material impairment to the value of the Council's long-term debtors.</p> <p>Due to time constraints associated with the statutory backstop date, we have not been able to conclude our procedures to confirm the accuracy and completeness of the expected credit loss calculations.</p> <p>Based on the above, we are unable to reach a conclusion on this area. Along with the other factors explained in the report, we therefore plan to issue a disclaimer of opinion for the financial year 2024/25.</p>

Key audit findings: other risks

Other risks

Other risks	Audit approach
<p>Impact on going concern of the performance of the income strip – (Council and group)</p> <p>We have reviewed the most recent set of audited accounts for Queensway (Stevenage) LLP and noted ongoing losses reported by the subsidiary (£0.71m in 2023/24 and £0.53m in 2022/23). The subsidiary also has reported a negative balance sheet position of £4.89m. These ongoing losses and the net liability position of the company as a whole indicate financial strain.</p> <p>If the LLP continues to make losses and is not generating sufficient income in the medium to longer term to cover the lease payments to the Council, this could create a mismatch between the Council’s liabilities to Aviva and its income from the LLP. This could in turn negatively impact the Council’s overall financial position.</p>	<p>Procedures to mitigate risks of material misstatement in this area included:</p> <ul style="list-style-type: none">• Reviewing cashflow forecasts, ongoing performance of the income strip and the impact on the Council of continued underperformance• Obtaining and reviewing management’s going concern assessment <p>continued....</p>

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Key audit findings: other risks

Other risks

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Audit findings and conclusion	
Page 52	<p>Impact on going concern of the performance of the income strip – (Council and group)....continued</p> <p>As part of our procedures we reviewed cash-flow forecasts for the Queensway income strip, assessed its ongoing performance against the original business plan and considered the potential impact of continued underperformance on the Council’s financial resilience. The scheme places income, inflation, and economic risk entirely with the Council, as head-lease payments to the investor are fixed and index-linked for 37 years regardless of rental income. Queensway LLP has reported recurring losses and a negative balance sheet, with cumulative losses significantly exceeding original projections, highlighting a persistent income gap. While the MTFS includes a reserve to offset this and management has initiated mitigations such as revising the business plan and exploring options to improve occupancy and rental income, downside scenarios indicate potential ongoing calls on the General Fund if performance does not improve. In addition, Local Government Reorganisation may result in Stevenage Borough Council being absorbed into a new unitary authority within the next 2–3 years; if this occurs, all assets, liabilities, and responsibilities will transfer to the new body, meaning services will continue. As no final decision has been made by central government as to the nature of the future reorganisation and given the continuation of operations under any successor body, the Council has considered it appropriate to adopt the going concern basis in preparing its financial statements.</p>
	<p>From our review of the information and evidence supporting the income strip transaction and agreement, management actions to fund the underperformance of the scheme means we have not identified any material uncertainty relating to going concern for the short term. However, the Council has calculated that the subsidiary company’s ability to pay to the Council the full costs of the head lease should be impaired by £2m in 2024/25. This in turn may impact the Council’s longer-term ability to settle its finance lease liabilities to the investor in the absence of mitigations. In addition, the Council “owns” the negative balance sheet of its subsidiary, meaning a further liability of £4.8m which will fall on the Council if the subsidiary’s financial performance does not improve. Management is currently forecasting that this will reduce to £2.2m by 2029/30.</p>
	<p>As we have been unable to conclude our audit in advance of the backstop date, we have not been able to obtain sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none">• a material uncertainty related to going concern has not been identified• management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
	<p>Along with the other factors explained in the report, we therefore plan to issue a disclaimer of opinion for the financial year 2024/25.</p>



Key audit findings: other balances and areas of testing

Testing area	Commentary	Conclusion
PPE reclassification movements (Assets under construction (£21,073k) and other land and buildings (£2,495k) reclassified to Council dwellings (£23,515k), Community assets (277k) and Surplus assets £126k))	<p>We have</p> <ul style="list-style-type: none"> Reconciled the PPE reclassification movement during the year as per the financial statements to the GL and FAR. Selected a sample of 5 assets that were reclassified out of assets under construction during the year. Received the supporting evidence from the management for the selected samples. We were able to confirm the in-year reclassification shown. However, the carrying value is directly influenced by the opening balance and therefore we are unable to conclude the value of the reclassification is correct. Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year. Therefore, we were unable to obtain assurance on this area. 	Our testing over this area is complete.
PPE Additions £41,528k	<p>We have</p> <ul style="list-style-type: none"> Agreed the ledger breakdown for additions to the GL and FAR and the note for property, plant and equipment. Selected 40 samples for testing to verify accuracy and occurrence of the transactions. We were able to test 37 samples, with three samples remaining untested as the information provided did not provide sufficient evidence to support the sample item. However, due to time constraints imposed by the backstop date, we were unable to conclude on this area of work. We plan to complete the outstanding testing as part of the audit of the 31 March 2026 financial statements. During our testing, we identified a sample error of £13k which, when extrapolated across the population, resulted in an extrapolated error of £103k. This error relates to an invoice dated September 2023 which was not received and thus processed until the following year and was therefore recorded in the incorrect accounting period. 	<p>We have started but not been able to conclude our work for the reasons set out to the left.</p> <p>We identified a non-material extrapolated error of £103k which is reported in the adjustments section.</p>
Depreciation- £16,447k	<p>We have</p> <ul style="list-style-type: none"> Reconciled the depreciation of non-current assets as per the note in the financial statements to the GL. Agreed the depreciation expense shown in the financial statements to the FAR. Performed analytics on the depreciation expense for accuracy and completeness. We were able to confirm the in-year expense shown. However, the closing balance is directly influenced by the opening balance and therefore we are unable to conclude the expense is correctly accounted for. Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year. Therefore, we were unable to obtain assurance on this area. 	Our testing over this area is complete. We have not identified any matters to report to you.

Key audit findings: other balances and areas of testing

Testing area	Commentary	Conclusion
Existence and Ownership Testing for Council Dwellings, Investment Property and PPE	<p>Planned procedures included:</p> <ul style="list-style-type: none"> Reconciling the Fixed Asset Register (FAR) to the financial statements. Selecting a sample of fixed assets for detailed testing. Physically observing the selected assets to confirm their existence and to identify any indicators of impairment. Confirming ownership of the assets by reference to supporting documentation, such as title deeds or original purchase invoices. <p>We were able to perform all planned procedures except for physical observation of the assets. Work on confirming ownership has commenced; however, it was not completed for the 74 samples selected for testing. We have received the information required and will conclude this work in the near future. Due to time constraints in meeting the backstop deadline, and in accordance with our agreement with management, testing in this area was backstopped for the current year. As a result, we were unable to obtain assurance over this area.</p>	We have started but not been able to conclude our work for the reasons set out to the left.
Investments <ul style="list-style-type: none"> Long term £2,278k Short term £27,000k 	<p>We have</p> <ul style="list-style-type: none"> Agreed the ledger breakdown for short- and long-term investments to the financial statements. Sought direct confirmation from the financial institutions, with management's consent, for the value of the investments shown in the accounts; however, to date we have not received all of the confirmations. This has prevented us from finalising our procedures in this area. Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year. Therefore, we were unable to obtain assurance on this area. 	Our testing over this area is complete. We have started but not been able to conclude our work for the reasons set out to the left.
Cash and cash equivalents £17,196k	<p>We have</p> <ul style="list-style-type: none"> Obtained an understanding of process and control over cash and cash equivalents. Agreed the ledger breakdown to the TB and supporting notes for cash and cash equivalents. Obtained and tested bank reconciliations for the bank accounts as at the year-end where reconciling items were noted. We have tested the reconciling items on sample basis to ensure those are appropriately reflected in the bank reconciliation statement. Sought direct confirmation from the financial institutions, with management's consent, for the value of each bank accounts as at 31 March 2025 and have received the responses. No issues have been identified in the balances confirmed. 	Our testing over this area is complete. We have not identified any matters to report to you.

Key audit findings: other balances and areas of testing

Testing area	Commentary	Conclusion
Debtors: £27,754k	<p>Planned procedures included:</p> <ul style="list-style-type: none"> • Agreeing the ledger breakdown to the TB and supporting notes for short-term debtors and payments in advance. • Selecting samples to verify accuracy and existence of the balances as at year-end. • We reconciled the ledger breakdown to the TB and the supporting notes for short-term debtors and payments in advance. Short-term balances are split into trade debtors, prepayments, Marshgate debtors, and other receivable amounts, which are individually material. We selected five items each for both the trade debtors and prepayments and tested the Marshgate debtor and the allowance for credit losses associated with the short-term debtors. We have not been able to test Collection Fund debtors, Housing Revenue Account (HRA) debtors, and Housing Benefits debtors as validating these debtors requires undertaking additional procedures on the collection fund, HRA and housing benefit expenditure parts of the accounts, which is hampered by the lack of assurance from previous disclaimed years. Per the build-back plan, work on recovering the collection fund, HRA and housing benefit transactions will take place from 2025/26 and, once achieved, we will be able to conclude our testing on collection fund, HRA and housing benefit debtors. 	We have not been able to conclude our work for the reasons set out to the left.
Provisions £(3,410)k	<p>We have –</p> <ul style="list-style-type: none"> • Reconciled the provisions per the financial statements to underlying records and the GL • Selected a sample of provisions and tested the provision against the requirements of IAS37 • Received the workings supporting the NNDR Appeals provision from management <p>Due to the prior years' accounts being disclaimed we have no assurance on the opening provision balances and therefore the movement in year for NNDR Appeals provisions. This prevents us from reaching a final conclusion on the closing provision. The provision methodology appears reasonable but has not been tested in detail</p>	We have not been able to conclude our work for the reasons set out to the left
Reserves	<p>We have</p> <ul style="list-style-type: none"> • Evaluated the completeness of the statutory adjustments included in the 2024/25 movement in reserves statement • Reconciled the internal consistency of reserves movements in year with other parts of the financial statements • Not been able to conclude the accuracy of the movements as the movements and the closing balance are directly influenced by the opening balance 	We have started but not been able to conclude our work for the reasons set out to the left.

Key audit findings: other balances and areas of testing

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Testing area	Commentary	Conclusion
<p>Borrowing</p> <ul style="list-style-type: none"> Short term £(539)k Long term £(247,936)k Long term borrowing (Queensway) £(5,690)k Queensway finance lease (£15,933)k 	<p>We have:</p> <ul style="list-style-type: none"> Agreed the ledger breakdown to the trial balance (TB) and the supporting notes for both short- and long-term borrowings. Tested all borrowings as at year-end to verify the accuracy and existence of the balances. Obtained direct confirmations from third parties where applicable and agreed borrowing balances to the underlying contracts. Verified the classification of borrowings between short-term and long-term for disclosure purposes. <p>Procedures on the Queensway long-term borrowing position are currently in progress. We aim to complete this work alongside the income strip work in the near future.</p>	<p>For short- and long-term borrowing, our testing over this area is complete. We have not identified any matters to report to you other than a classification error between long- and short-term borrowings. These have been included in the disclosure adjustments later in the report.</p> <p>For the Queensway income strip finance lease and long-term borrowing, we have commenced our procedures, and these are currently in progress.</p>
<p>Creditors</p> <ul style="list-style-type: none"> Long term £(8,386)k Short term £(23,164)k 	<p>We have:</p> <ul style="list-style-type: none"> Agreed the ledger breakdown to the trial balance (TB) and the supporting notes for short-term creditors and receipts in advance. Selected a sample of transactions to verify the accuracy and existence of the balances as at year-end. Performed testing on all creditors balances and on accruals, except for Queensway and collection fund creditors. <p>From our testing on creditors and accruals, we have no matters to report to you. Our work on the Queensway income strip remains ongoing.</p> <p>We were unable to perform work on Collection Fund creditors, as validating these creditors requires undertaking additional procedures on the collection fund, which is hampered by the lack of assurance from previous disclaimed years. Per the build-back plan, work on recovering the collection fund will take place from 2025/26 and, once completed, we will be able to conclude our testing on collection fund creditors.</p>	<p>We have started but not been able to conclude our work for the reasons set out to the left.</p>



Key audit findings: other balances and areas of testing

Testing area	Commentary	Conclusion
Grant income- £(51,644K)	<p>Planned procedures included:</p> <ul style="list-style-type: none"> Reconciling government grants and contributions income, and capital grants and contributions income, per the financial statements to the general ledger. Selecting samples from the income breakdown to test the accuracy and occurrence of transactions. Obtaining supporting evidence for selected items and resolving any queries with management. <p>We performed a reconciliation of the financial statements back to the trial balance and general ledger for the relevant income items but were unable to reconcile the items in note 5 to the ledger. Management provided alternative backup to Note 5 on 3 February 2026; however, we have not been able to review this due to the time constraint imposed by the national statutory backstop. As a result, we have not yet been able to conclude our procedures in relation to these off-ledger journals</p>	We have started but not been able to conclude our work for the reasons set out to the left.
Fees and charges income- £(33,466k)	<p>Planned procedures included:</p> <ul style="list-style-type: none"> Agreeing the trial balance to the supporting notes for fees and charges income. Agreeing the income ledger breakdown to the trial balance and supporting notes. Selecting samples from the income breakdown to test the accuracy and occurrence of transactions <p>We performed a reconciliation of the financial statements back to the trial balance and general ledger for the relevant income items; but were unable to reconcile the items in note 5 to the ledger. Management provided alternative backup to Note 5 on 3 February 2026; however, we have not been able to review this due to the time constraint imposed by the national statutory backstop. As a result, we have not yet been able to conclude our procedures in relation to these off-ledger journals</p>	We have started but not been able to conclude our work for the reasons set out to the left.
Completeness of income	<p>Planned procedures included:</p> <ul style="list-style-type: none"> Searching for unrecorded income by selecting and testing a substantive sample of sales invoices added to the accounts receivable system after year end to assess whether revenue was recorded in the correct accounting period. Searching for unrecorded income by selecting and testing a substantive sample of cash receipts per the bank statements after year end to assess whether related revenue was recorded in the correct accounting period. <p>Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year. Therefore, we were unable to obtain assurance on this area.</p>	We have started but not been able to conclude our work for the reasons set out to the left.

Key audit findings: other balances and areas of testing

Testing area	Commentary	Conclusion
Interest and Investment property income £(3,071k)	<p>Planned procedures included:</p> <ul style="list-style-type: none"> • Agreeing the trial balance to the supporting notes for investment property income. • Selecting samples from the income breakdown to test the accuracy and occurrence of transactions. <p>In line with our build back plan we have not performed substantive testing on this area. Substantive testing of material income and expenditure streams is planned in future years as part of the build-back plan and, in 2024/25, this time was re-focused to support additional work undertaken on journals, ledger reconciliations, property, plant and equipment and significant balance sheet items. Due to time constraints in meeting the backstop deadline, we agreed with management that we would backstop our testing for this area for the current year.</p>	We have started but not been able to conclude our work for the reasons set out to the left.
<div>Page 58</div> Taxation income <ul style="list-style-type: none"> • Council tax income £(6,838)k • NNDR income £(1,503)k 	<p>The following procedures were planned:</p> <ul style="list-style-type: none"> • Agreeing the trial balance to the supporting notes for taxation income • Agreeing the income ledger breakdown to the trial balance and supporting notes • Reconciling the income for taxation in the financial statements to the expenditure per the collection fund • Performing analytical procedures over taxation income per the collection fund to confirm the accuracy, occurrence, and completeness of taxation income recognised in the accounts • Agreeing collection fund precepts to Council records <p>We performed a reconciliation of the financial statements back to the trial balance and general ledger for the relevant income items but were unable to reconcile the items in note 5 to the ledger. Management provided alternative backup to Note 5 on 3 February 2026; however, we have not been able to review this due to the time constraint imposed by the national statutory backstop. As a result, we have not yet been able to conclude our procedures in relation to these off-ledger journals. In line with our build back plan, substantive testing of material income and expenditure streams is planned in future years as part of build-back and, in 2024/25, this time was re-focused to support additional work undertaken on journals, ledger reconciliations, property, plant and equipment and significant balance sheet items. Due to time constraints in meeting the backstop deadline, we agreed with management that we would backstop our testing for this area for the current year.</p>	We have started but not been able to conclude our work for the reasons set out to the left.

Key audit findings: other balances and areas of testing

Testing area	Commentary	Conclusion
Housing revenue account income - £(48,097k)	<p>Planned procedures included:</p> <ul style="list-style-type: none"> • Obtaining a high-level understanding of the process for recording income generated from the Housing Revenue Account (HRA) portfolio of assets. • Obtaining the underlying rental income report from the housing management system and agreeing this to the financial statements and general ledger. • Selecting a sample of housing rent income transactions relating to rented council dwellings. • Agreeing rental income transactions to supporting documentation to verify accuracy and occurrence. <p>We performed a reconciliation of the financial statements back to the trial balance and general ledger for the relevant income items; however, we identified differences that we could not reconcile due to off-ledger manual adjustments. We assessed our ability to resolve these differences within the time constraints of meeting the backstop deadline and agreed with management to backstop our testing for this area for the current year. Further, In line with our build back plan, substantive testing of material income and expenditure streams is planned in future years as part of build-back and, in 2024/25, this time was re-focused to support additional work undertaken on journals, ledger reconciliations, property, plant and equipment and significant balance sheet items. Due to time constraints in meeting the backstop deadline, we agreed with management that we would backstop our testing for this area for the current year.</p>	We have started but not been able to conclude our work for the reasons set out to the left.
Employee benefit expenditure £(35,156k)	<p>Planned procedures included:</p> <ul style="list-style-type: none"> • Agreeing the trial balance to the supporting notes for employee benefit expenditure. • Agreeing payroll reconciliations performed by management to the amounts recorded in the financial statements. • Selecting a sample of starters and leavers during the year to confirm that they were processed accurately and to obtain assurance over controls operating within the payroll transaction stream. • Performing analytical procedures on payroll data to obtain partial assurance over the completeness and accuracy of payroll. • Testing a sample of employees to confirm that employment status, salary, and grade are accurately reflected in the payroll data <p>In line with our build back plan we have not performed substantive testing on this area. Substantive testing of material income and expenditure streams is planned in future years as part of the build-back plan and, in 2024/25, this time was re-focused to support additional work undertaken on journals, ledger reconciliations, property, plant and equipment and significant balance sheet items. Due to time constraints in meeting the backstop deadline, we agreed with management that we would backstop our testing for this area for the current year.</p>	We have started but not been able to conclude our work for the reasons set out to the left.

Key audit findings: other balances and areas of testing

Testing area	Commentary	Conclusion
Expenditure <ul style="list-style-type: none"> Housing Revenue account repairs and maintenance expenditure Non-HRA expenditure (including housing benefits) Completeness of expenditure 	In line with our build back plan we have not performed substantive testing on this area. Substantive testing of material income and expenditure streams is planned in future years as part of the build-back plan and, in 2024/25, this time was re-focused to support additional work undertaken on journals, ledger reconciliations, property, plant and equipment and significant balance sheet items. Due to time constraints in meeting the backstop deadline, we agreed with management that we would backstop our testing for this area for the current year.	We have started but not been able to conclude our work for the reasons set out to the left.
(Gain) / loss on the disposal of assets £(3,263k) PPE disposals £9,617k	Planned procedures included: <ul style="list-style-type: none"> Reconciling the gain or loss on disposal of non-current assets per the financial statements to the general ledger and Fixed Asset Register (FAR). Obtaining and reviewing management workpapers supporting the disposals recorded during the year. We selected a sample of disposals to test substantively the accuracy of the accounting treatment. We received excel spreadsheets to support the disposals but will need to select a further sample and receive independent evidence to enable us to conclude our testing in this area. We were unable to verify the accuracy of the calculated gain or loss on disposal, as the carrying values in the Fixed Asset Register remain disclaimed due to the statutory backstop applied in prior years. As a result, opening and comparative asset carrying values could not be relied upon.	We have started but not been able to conclude our work for the reasons set out to the left.
Group accounts	We have <ul style="list-style-type: none"> Obtained and reviewed management's consolidation working paper Assessed the group position and materiality of specific transactions Not undertaken specific testing on component transactions due to the time constraints imposed by the backstop 	We have started but not been able to conclude our work for the reasons set out to the left.

Key audit findings: other procedures

Other specific procedures we have undertaken in 2024/25 include the following:

- ▶ Responding to any actual or suspected non-compliance with laws and regulations of which we have become aware;
- ▶ Reviewing minutes of meetings including, but not limited to, full Council, Cabinet and the Audit Committee;
- ▶ IT General controls and work under ISA315;
- ▶ Business process documentation and walkthroughs;
- ▶ Agreeing opening balances and comparative figures to prior year financial statements;
- ▶ Agreeing the financial statements to the Council's trial balance and general ledger;
- ▶ Checking financial statements for internal consistency and arithmetic accuracy;
- ▶ Confirming the audit fee reported in the financial statements;
- ▶ Undertaking a high level review of the accounts to assess for material omissions or disclosure errors;
- ▶ Undertaking a high-level Audit Manager and Engagement Lead review of the 2024/25 financial statements to further refine our risk assessment and understand unexpected movements;
- ▶ Confirming that accounts have been issued and approved in line with The Accounts and Audit Regulations 2015;
- ▶ Procedures in respect of subsequent events after the balance sheet date, including enquiries of management;
- ▶ Updating our planning and risk assessment and procedures on receipt of the financial statements (post-statement procedures) including re-considering our materiality thresholds;
- ▶ Updating our scoping procedures following receipt of the financial statements;
- ▶ Undertaking comprehensive build-back scoping across all disclaimed years;
- ▶ Undertaking post-statement analytical procedures;
- ▶ Evaluating any misstatements identified; and
- ▶ Drafting an Audit Plan and Audit Completion Report and presenting these to the Audit Committee.

Key audit findings: other areas of focus

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Area of focus	Issue	Audit findings and conclusion
Significant matters on which there was disagreement with management	There were no significant matters on which there was disagreement with management	None noted
Significant management judgements which required additional audit work and / or where there was disagreement over the judgement and / or where the judgement is significant enough that we are required to report it to those charged with governance before they consider their approval of the accounts	The Council has entered a complex and financially significant income strip scheme. This requires the recognition of an asset, a significant finance lease liability and management judgement on accounting for various transactions related to this scheme. Additional consideration was required in respect of the expected credit loss for long term loans and amounts owed by subsidiaries to the Council, and to assess the impact of any potential embedded derivatives.	Due to the missing assurance for prior periods and the time constraints imposed by the statutory backstop we have not completed all our planned procedures and will issue a disclaimer of opinion
Prior year adjustments identified	Prior year adjustments were identified by management in respect of various Property, Plant and Equipment valuations incorrectly classified in the prior year. The misclassification, at £2.8m, is material.	Management has processed amendments in the comparators to reflect these prior period errors.
Concerns identified in the following: <ul style="list-style-type: none"> • Consultation by management with other accountants on accounting or auditing matters • Matters significant to the oversight of the financial reporting process • Adjustments / transactions identified as having been made to meet an agreed system position / target 	No concerns were identified	None noted

Accounting policies, key judgements and estimates



Accounting policies, key judgements and estimates

Accounting policies

We have evaluated the appropriateness of the Council’s accounting policies, taking into account consistency with the disclosures from the prior year and requirements as set out in the CIPFA LASAAC Code of Practice on Local Authority Accounting in the UK (the ‘CIPFA Code’) 2024/25 where appropriate. We have no matters to report.

Key judgements and estimates

Key judgements and estimates, as well as other judgements and estimates made by management, are set out in the table below along with audit commentary on these judgements and estimates in line with the enhanced requirements for auditors.

Significant judgement or estimate	Value in accounts £000	Summary of management’s approach	Audit comments and assessment
Land and buildings valuations (key accounting estimate)	125,825	The valuation of land and buildings involves determining whether assets are specialised or non-specialised, as this distinction can result in significantly different valuations. Valuation methods follow the recommendations of CIPFA and comply with guidance issued by the Royal Institution of Chartered Surveyors (RICS). Land and buildings are valued at current value. Where sufficient market evidence is available, this is based on market data; otherwise, current value is estimated using depreciated replacement cost (DRC), applying the Modern Equivalent Asset (MEA) approach. Revaluations are scheduled at five-year intervals unless a material change in value is identified through an annual impairment review. All valuations are carried out as at 31 March.	<p>Audit work on the land and buildings valuation included reconciling the valuation report to the fixed asset register and the financial statements, with an unadjusted misstatement noted later in this report.</p> <p>We also evaluated the competence, capabilities and objectivity of management’s valuation expert and focused our work on higher-risk assets with carrying values above performance materiality of £1.3m, reflecting the limited assurance available over prior-year balances. Audit work in this area remains ongoing hence we are unable to form a conclusion.</p>

Accounting policies, key judgements and estimates

Significant judgement or estimate	Value in accounts £000	Summary of management’s approach	Audit comments and assessment
Council dwelling valuations (key accounting estimate)	722,578	<p>The valuation of council dwellings is carried out in accordance with CIPFA guidance and the Royal Institution of Chartered Surveyors (RICS) standards. Dwellings are valued at current value for social housing, using the Existing Use Value-Social Housing (EUV-SH) methodology, which reflects their use as social housing rather than open market value. This approach applies an adjustment factor to account for the restricted use of the properties. All valuations are undertaken by qualified external valuers and are scheduled at five-year intervals, with the most recent valuation completed as at 31 March 2025. Interim reviews are conducted annually to identify any material changes in value, supported by impairment assessments.</p>	<p>We have completed our procedures on the council dwellings with some issues being noted. We have identified a material difference of circa £3m in the valuation of council dwellings. The draft valuation report prepared by the valuer indicated a total valuation of £722m; however, the final report shows a valuation of £719m. No adjustments were made at the time because the final report was received after the statement of accounts had already been published in July 2025.</p> <p>Under IAS 10, this constitutes a post–balance sheet event, as the final valuation provides evidence of conditions that existed at the reporting date. The council was aware that a final report would follow, but the timing meant it was not incorporated into the published accounts. Management have agreed to make the necessary adjustments. Further detail on the accounting entries has been included in within audit adjustments sections.</p> <p>We have completed our testing on the Council’s dwellings where the beacon approach was applied, and work on five samples relating to shared ownership properties is still ongoing.</p> <p>The Council’s dwellings valued using the beacon approach have been appropriately valued by the Council’s management expert, subject to the adjustments noted. However, as we do not have sufficient assurance over the opening balances, our audit opinion will be disclaimed.</p>

Accounting policies, key judgements and estimates

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Significant judgement or estimate	Value in accounts £000	Summary of management’s approach	Audit comments and assessment
Investment properties (key accounting estimate)	36,098	Investment properties are valued at fair value in accordance with CIPFA guidance and the professional standards of the Royal Institution of Chartered Surveyors (RICS). The valuation is based on the income approach, which estimates the present value of expected future cash flows from the property, such as rental income, discounted at an appropriate rate reflecting the asset’s risk profile. Inputs include current lease terms, market rental values, and yields, adjusted for the characteristics of each property. These valuations are classified as Level 2 under the fair value hierarchy, as they rely on observable market data combined with professional judgment. All investment property valuations are carried out by external valuers (Wilks Head Eve) and are completed as at 31 March each year.	<p>We have commenced our procedures in this area. Work is ongoing at the time of drafting this report, and we intend to conclude this work to gain assurance over the 31 March 2025 valuations for investment properties. To date we have evaluated management processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work, evaluated the competence, capabilities, and objectivity of management’s valuation expert and undertaken a walkthrough of the design and implementation of management’s processes for determining the valuation accounting entries in the financial statements. We have reconciled the accounting entries to the general ledger and the fixed asset register.</p> <p>We have analysed the fixed asset base in detail and undertaken procedures to enable us to pinpoint our significant risk within the wider population, focusing on the materiality of individual valuations and movements in valuation against expectations. We have analysed the population and selected a sample for detailed testing.</p> <p>We are concluding our procedures to assess whether the Council’s investment properties have been appropriately valued by the Council’s management expert. We have not identified any issues to date that require reporting to Those Charged with Governance.</p> <p>Whilst we intend to conclude this piece of work as part of our 2024/25 audit, based on the above, we are unable to reach a conclusion on this area. Along with the other factors explained in the report, we therefore plan to issue a disclaimer of opinion for the financial year 2024/25. More detailed findings on our consideration of this estimate are contained later in this report.</p>

Accounting policies, key judgements and estimates

Significant judgement or estimate	Value in accounts £000	Summary of management’s approach	Audit comments and assessment																		
Pension assets and liabilities valuations (key accounting estimate)	(22,245)	<p>This relates to the Council’s obligations as a participating employer in the Hertfordshire Pension Fund, part of the Local Government Pension Scheme (LGPS). The Council’s IAS 19 figures are prepared by Hymans Robertson LLP, using the projected unit credit method, with liabilities discounted to present value and scheme assets measured at fair value. Triennial funding valuations are undertaken by the Fund every three years, with the next valuation having commenced on 1 April 2025. For 2024/25, key actuarial assumptions include a discount rate of 5.8%, pension (CPI) inflation of 2.9%, and salary growth of 3.9%. Given the magnitude of the estimate, small changes in assumptions can result in material movements in the reported liability.</p>	<p>We have undertaken the following in the course of our testing:</p> <ul style="list-style-type: none">Assessed the competence, capability and independence of management’s expert actuaryAssessed the actuarial approach taken to confirm reasonableness of approachReviewed completeness and accuracy of the underlying information used to determine the estimateReviewed the reasonableness of the Council’s share of local pension scheme assetsReviewed the adequacy of the disclosure in the financial statementsUsed our auditor’s expert (PwC) to assess assumptions made by the actuary <table><thead><tr><th>Assumption</th><th>Actuary value</th><th>Assessment against PwC</th></tr></thead><tbody><tr><td>Discount rate</td><td>5.80%</td><td>Reasonable</td></tr><tr><td>Pension increase rate</td><td>2.90%</td><td>Reasonable</td></tr><tr><td>Salary growth</td><td>3.90%</td><td>Reasonable</td></tr><tr><td>Life expectancy: males currently 45-65</td><td>21.2 years</td><td>Reasonable</td></tr><tr><td>Life expectancy: females currently 45-65</td><td>24.1 years</td><td>Reasonable</td></tr></tbody></table> <p>We have not been provided with assurance by the pension fund auditor over membership of the pension fund back to the last triennial valuation. We wrote to the current pension fund auditor on 17 July 2025 requesting assurance over the membership data. No response was received until 19 January 2026. In this letter the pension fund auditor stated that the audit of the pension fund accounts was not yet complete, and no opinion had been issued. However, they stated that in respect of the assurances we required of them, they had undertaken their procedures, and no exceptions were noted that they needed to report to us. However, this assurance is for the current year only and does not include assurance dating back to the previous triennial valuation. Due to audit opinions on the prior years’ financial statements being disclaimed, we have no assurance over the opening balances of the pension liability. This means we have no assurance on the movements in year and cannot conclude on the valuation of the pension fund liability as at 31 March 2025.</p>	Assumption	Actuary value	Assessment against PwC	Discount rate	5.80%	Reasonable	Pension increase rate	2.90%	Reasonable	Salary growth	3.90%	Reasonable	Life expectancy: males currently 45-65	21.2 years	Reasonable	Life expectancy: females currently 45-65	24.1 years	Reasonable
Assumption	Actuary value	Assessment against PwC																			
Discount rate	5.80%	Reasonable																			
Pension increase rate	2.90%	Reasonable																			
Salary growth	3.90%	Reasonable																			
Life expectancy: males currently 45-65	21.2 years	Reasonable																			
Life expectancy: females currently 45-65	24.1 years	Reasonable																			

Accounting policies, key judgements and estimates

Significant judgement or estimate	Value in accounts £000	Summary of management’s approach	Audit comments and assessment
Minimum revenue provision	(454)	<p>The Council is responsible on an annual basis for determining the amount charged for the repayment of debt. This is known as the Minimum Revenue Provision (MRP). The basis for the charge is set out in regulations and statutory guidance.</p> <p>The year end MRP charge was £454k, a net increase of £79k from 2023/24.</p> <p>Following consultation MHCLG have clarified and updated the regulations and the statutory guidance for minimum revenue provision. Although these take full effect from April 2025, the consultation highlighted that the intention was not to change policy, but to clearly set out in legislation the practices that authorities should already be following.</p> <p>This guidance clarifies that capital receipts may not be used in place of a prudent MRP, that MRP should be applied to all unfinanced capital expenditure and that certain assets should not be omitted from the calculation unless exempted by statute.</p>	<p>We have carried out the following work:</p> <ul style="list-style-type: none"> • Considered whether the Council’s policy on MRP complies with statutory guidance • Assessed the reasonableness of any changes to the Council’s MRP policy from the prior year • Assessed and benchmarked the Council’s MRP charge as a percentage of the opening capital financing requirement(CFR). A charge higher than 2% is considered a sufficiently prudent estimate. The Council’s MRP charge as a percentage of CFR is 1.71%. • Assessed and benchmarked the Council’s total debt as a percentage of the capital financing requirement. A percentage lower than 100% is considered sufficiently prudent. The Council's total debt as a percentage of CFR is 31%. <p>Overall, while the Minimum Revenue Provision (MRP) as a percentage of the opening Capital Financing Requirement (CFR) is below 2%, this reflects the impact of the Council’s voluntary MRP repayment. MRP is also considered prudent when assessed as a proportion of total borrowing. The Council’s total General Fund debt represents only 31% of the General Fund CFR, indicating sufficient headroom to support financial resilience.</p> <p>Based on our findings, we are satisfied that the MRP charge has been calculated in accordance with the relevant regulations. However, as we do not have any assurance over the opening CFR we therefore do not have assurance over the closing CFR. We therefore cannot conclude in full on the accuracy of the MRP calculation. The MRP charge must remain under regular review, particularly in light of future capital spending plans.</p>

Accounting policies, key judgements and estimates

Significant judgement or estimate	Value in accounts £000	Summary of management's approach	Audit comments and assessment
Depreciation	16,447	<p>Depreciation is charged on all Property, Plant and Equipment (PPE) assets through the systematic allocation of their depreciable amounts over their estimated useful lives. Exceptions apply to assets without a determinable finite life, such as freehold land and certain community assets, and to assets not yet available for use, such as those under construction. Depreciation is calculated on a straight-line basis as follows:</p> <ul style="list-style-type: none"> • Dwellings and other buildings: Over the useful life of the property as estimated by the valuer, with an estimated useful of up to 50 years • Vehicles, plant and equipment: Over the estimated life of the asset, with an estimated useful of up to 15 years • Infrastructure assets: Over the estimated life of the asset, with an estimated useful of up to 46 years <p>Where an asset contains major components with different useful lives, these components are depreciated separately. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation and the depreciation that would have been charged on historical cost transferred annually from the Revaluation Reserve to the Capital Adjustment Account.</p>	<p>We performed a predictive analytical review of depreciation by asset class and identified variances exceeding our tolerable threshold of £650k (50% of performance materiality). No variances were noted. We are satisfied with management's approach.</p> <p>However, the depreciation expense is directly influenced by the opening asset balance, which has been disclaimed in prior years, and therefore we are unable to conclude the expense is correctly accounted for.</p>

Accounting policies, key judgements and estimates

Significant judgement or estimate	Value in accounts £000	Summary of management's approach	Audit comments and assessment
Provisions	(3,410)	Provisions are recognised when an event has occurred that creates a legal or constructive obligation for the Council, which is likely to require settlement through the transfer of economic benefits, although the timing of the transfer remains uncertain. The Council assumes that all such transfers will occur within 12 months, acknowledging that in rare cases such as insurance provisions, settlement may take longer, though this does not materially affect the financial statements. Provisions are charged to the relevant service account in the year the obligation is identified, based on the best estimate of the expenditure required at the balance sheet date. When payments are made, they are applied against the provision recorded in the Balance Sheet. If it becomes less than probable that a transfer of economic benefits will be required, or if the settlement amount is lower than anticipated, the provision is reversed and credited back to the relevant service account. Where reimbursement from a third party is virtually certain, such as through an insurance claim, this is recognised as income for the relevant service.	<p>We have –</p> <ul style="list-style-type: none"> • Reconciled the provisions per the financial statements to underlying records and the GL • Selected a sample of provisions and tested the provision against the requirements of IAS37 • Received the workings supporting the NNDR Appeals provision from management <p>Due to the prior years' accounts being disclaimed we have no assurance on the opening provision balances and therefore the movement in year for NNDR Appeals provisions. The provision methodology appears reasonable but has not been tested in detail.</p>

Accounting policies, key judgements and estimates

Significant judgement or estimate	Value in accounts £000	Summary of management’s approach	Audit comments and assessment
Accruals	(9,709)	The Council applies the accruals basis of accounting, meaning transactions are recorded in the period in which they occur, not when cash is received or paid. Revenue from contracts with service recipients is recognised when goods or services are provided, and expenses are recorded when services are received rather than when payments are made. Where revenue and expenditure have been recognised but cash has not yet been received or paid, a debtor or creditor is recorded in the Balance Sheet. Supplies are recorded as expenditure when consumed, and interest payable and receivable is accounted for on an effective interest basis. This ensures that the financial statements reflect the true economic activity of the Council during the reporting period	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> Selected a sample of accruals and reviewed post year-end payments, tracing and agreeing these to payment advices and bank statements. For unpaid items, obtained additional supporting evidence to substantiate the amounts outstanding at year-end. <p>We have concluded our procedures in this area. We have no issues to report to you from the work performed.</p>

Other responsibilities



Financial statements: other responsibilities

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Matter	Commentary	Findings
Matters in relation to fraud	We have previously discussed the risk of fraud with management and the Audit committee. We have not been made aware of any other incidents in the period. No other issues have been identified during the course of our audit from the work we have been able to complete.	As we plan to issue a disclaimer of opinion for the audit, we are unable to reach a conclusion on this area.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed from the work we have been able to complete.	As we plan to issue a disclaimer of opinion for the audit, we are unable to reach a conclusion on this area
Matters in relation to compliance with laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations, and we have not identified any instances from the audit work we have been able to complete.	As we plan to issue a disclaimer of opinion for the audit, we are unable to reach a conclusion on this area
Written representations	A letter of management representations has been requested from the Council.	Please refer to the letter of representation included alongside this report.
Confirmation requests from third parties	We requested permission from the Council for us to send confirmation requests to their financial institutions. To date we have only received confirmations from two counterparties representing £10m of the total investments of circa £30m.	As we plan to issue a disclaimer of opinion for the audit, we are unable to reach a conclusion on this area. We cannot conclude there are no issues to report in respect of the investment balances until all third party confirmations are received.

Financial statements: other responsibilities

Matter	Commentary	Findings
Going concern	As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570). Management prepared the financial statements on a going concern basis applying the continuation of services provision set out in Practice Note 10. We have confirmed that this is appropriate as there is no known intention to transfer the services provided by the Council outside the public sector. We have not identified any material uncertainties relating to going concern at the Group.	As we have been unable to conclude our audit in advance of the backstop date, we have not been able to obtain sufficient appropriate audit evidence to enable us to conclude that: <ul style="list-style-type: none"> • a material uncertainty related to going concern has not been identified • management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Other information (Narrative report and Annual Governance Statement)	We are required to read and report on whether the other information included in the Statement of Accounts (including the Narrative Report and Annual Governance Statement) is materially inconsistent with the financial statements and our knowledge obtained from the audit or otherwise appears to be materially misstated. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or whether risks are satisfactorily addressed by internal controls.	As we plan to issue a disclaimer of opinion for the audit, we are unable to reach a final conclusion on this area.
Matters on which we report by exception	We are required to report on a number of matters by exception: <ul style="list-style-type: none"> • If the annual governance statement does not comply with the disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit • Where we are not satisfied in respect of arrangements to secure value for money and have reported significant weaknesses 	We have nothing to report on these matters. However, as we plan to issue a disclaimer of opinion for the audit, we are unable to reach a final conclusion on this area.

Financial statements: other responsibilities

Matter	Commentary	Findings
Disclosures	From the work completed, our review identified some disclosure issues, which are highlighted with the Audit Adjustments section	We have identified and reported disclosure errors in this report. As we plan to issue a disclaimer of opinion for the audit, we are unable to reach a final conclusion on this area
Specified procedures for the Whole of Government Accounts	<p>We are required to carry out specified procedures on behalf of the NAO on the WGA consolidation pack under WGA group audit instructions. Group instructions were issued in August 2025 which set out the procedures that the NAO require from component auditors. However, the NAO may direct auditors of components below the audit threshold to undertake additional work.</p> <p>The Council does not exceed the audit threshold for detailed testing set out in the group instructions. Submission of a partial assurance statement is required.</p>	We will complete and submit a partial assurance statement after issue of our auditor's report and await further guidance on whether or not any additional testing is required.
Certification of closure of the audit	We are required to certify the closure of the audit on completion of all audit work for the financial year required under the Code.	We cannot issue our certificate of closure until the Comptroller and Audit General has certified the WGA for 2024-25. Our auditor's report will therefore include a delayed certificate.
Statutory powers and duties	We are required to report by exception if we have applied our other statutory powers or duties during the audit.	We have not exercised any of our additional statutory powers or duties.

Audit adjustments

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Audit adjustments

Adjusted misstatements

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management. Details of items corrected following discussions with management are as below.

Detail	CIES £000 DR (CR)	Balance sheet £000 DR (CR)	Impact on total net expenditure £000 DR (CR)	Impact on useable reserves £000 DR (CR)
<u>Council dwellings valuation</u> The draft valuation report prepared by the valuer indicated a total valuation of £722m; however, the final report shows a valuation of £719m. No adjustments were made at the time because the final report was received after the statement of accounts had already been published in July 2025 hence both the council dwellings and revaluation reserve was understated at 31 March 2025.		DR Revaluation reserve- 2,638 CR Council dwellings- (2,638)	0	0
<u>Reclassification of assets from Assets Held for Sale (AHFS) to Investment Property</u> The asset was incorrectly classified as AHFS IN 2023/24. However, this is an Investment Property hence the AHFS opening balance was overstated by £2.013m and the Investment Property opening balance was understated in 2024/25.		DR Investment Properties - 2,013 CR Assets Held for Sale – 2,013	0	0
<u>Expected credit losses</u> Expected credit loss assessments were undertaken in respect of long-term debtors due from the Council's subsidiaries, Marshgate and Queensway. This identified expected credit losses of £0.058m and £2.1m respectively, with the latter being material.		Dr Deferred capital receipts – £2,158 CR Long term debtors (Allowance for credit losses)- £2,158	0	0
Overall impact			0	0



Audit adjustments

Adjusted misstatements

Detail	CIES £000 DR (CR)	Balance sheet £000 DR (CR)	Impact on total net expenditure £000 DR (CR)	Impact on useable reserves £000 DR (CR)
Reclassification of assets from Assets Held for Sale (AHFS) to Community assets The asset was initially classified as held for sale in the prior year, as it was actively marketed for sale. As the sale was no longer considered probable, the Council reclassified the asset as a community asset; however, this reclassification is incorrect. The asset is not operational and should therefore be classified as a surplus asset. The Council has agreed that the reclassification to community assets was incorrect. As we are disclaiming our opinion, we have not undertaken further procedures to identify whether this error would extrapolate to a potentially material uncertainty. Management has amended the accounts for this classification issue.		DR Surplus Assets - 206 CR Community Assets – (206)	0	0
Overall impact			0	0

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Audit adjustments

Unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made in the final set of financial statements. The Audit Committee is required to approve management’s proposed treatment of all items in the table below.

Detail	CIES £000 DR (CR)	Balance sheet £000 DR (CR)	Impact on total net expenditure £000 DR (CR)	Impact on useable reserves £000 DR (CR)	Reason for not adjusting
Other Land and buildings valuation The revaluation amount per the financial statements is different from the amount per the financial statements. No adjustments were made at the time because the final report was received after the statement of accounts had already been published in July 2025.		DR Revaluation reserve - 106 CR Other Land and buildings (PPE) –(106)	0	0	Immaterial



Audit adjustments

Unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made in the final set of financial statements. The Audit Committee is required to approve management’s proposed treatment of all items in the table below.

Detail	CIES £000 DR (CR)	Balance sheet £000 DR (CR)	Impact on total net expenditure £000 DR (CR)	Impact on useable reserves £000 DR (CR)	Reason for not adjusting
Additions As part of our audit testing, we identified a misstatement of £12.7k which resulted in an unadjusted extrapolated error of £103k. This arose from an invoice dated September 2023 that was not received and processed until 2024/25, leading to recognition in the incorrect accounting period.		Dr Additions 103 CR Trade creditors- (103)	0	0	Immaterial and extrapolated
Overall impact			0	0	



Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit.

Disclosure / issue / omission	Outcome	Adjustment agreed?
Note 22. Financial Instruments (Borrowings) - Financial liabilities at amortised cost are recorded at £441k; however, this needs to be adjusted to £941k to incorporate the PWLB loan short-term borrowing component. Of the total PWLB loan of £247,987k, £500k falls under current liabilities based on the maturity dates, hence the need to update the figure from £441k to £941k.	Management has agreed to make the necessary changes.	Y
Note 22. Financial Instruments (Debtors) -Total debtors do not cast- it should be 11, 558k not £11,961k The Total financial assets should be £37,164k and not £36,761k	Management has agreed to make the necessary changes.	Y
HRA 6. Capital expenditure, Financing and Receipts - The new council housing figure for 2023/24 differs from the signed accounts. In the current accounts, it is shown as £15,465k, whereas it was £5,284k in the prior-year accounts..	Management has agreed to make the necessary changes.	Y
Prior adjustment on the reclassification of Plant & Equipment to Council Dwellings To correct prior-year misclassification of dwelling addition (£2,484k) incorrectly recorded as Plant & Equipment. Adjustment reduces P&E and reverses the associated revaluation uplift to maintain alignment with Savills 2023/24 valuation. Further, to correct overstated depreciation (£497k) arising from prior-year asset misclassification. Adjustment reduces HRA depreciation charge with offsetting entry to the CAA, leaving HRA reserves unchanged.	Management identified this prior period error and has confirmed they will adjust the accounts	Y
Minor presentational, formatting and disclosure issues - We proposed a number of minor changes and narrative amendments to improve the presentation of the accounts.	Management has agreed to make the necessary changes.	Y

Audit adjustments

Impact of prior year unadjusted misstatements on the 2024/25 financial statements

No unadjusted misstatements were reported in the prior year audit.

Building back assurance

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Building back assurance

We set out below the work we have done to build back assurance from disclaimed years of audit. Our work has been undertaken in accordance with the statutory guidance set out in Local Audit Reset and Recovery Implementation Guidance (LARRIG) 01 to 06

Build back activity	Commentary
<p>Risk Assessment (LARRIG 06)</p> <p>We are required by LARRIG 06 to evaluate the inherent risk of material misstatement in the opening general fund and HRA balances and associated earmarked reserves following prior year disclaimers.</p> <p>This in turn informs the volume of work necessary to recover assurance over the reserves position as a 1 March 2025.</p>	<p>We have considered the guidance set out in LARRIG 06 issued by the National Audit Office to determine the risk of material misstatement in the general fund and HRA reserves of the Council at 1 March 2025.</p> <p>This involved a detailed assessment of a number of risk factors, as set out in LARRIG 06, including consideration of the following:</p> <ul style="list-style-type: none">• Whether the Council has a history of timely production of the financial statements• The number of years for which disclaimed opinions have been issued• The complexity and volume of movement in reserves over the disclaimed period• The strength of the control environment in place over the period of disclaimed opinions• Changes in key personnel, financial reporting systems or key processing activities during the disclaimed period• Previous reporting of significant deficiencies in control, significant weaknesses in arrangements to secure VFM or material or other misstatements• The level of reserves in place over the disclaimed period• Issues reported by Internal Audit and in the Annual Governance Statements



Building back assurance

LARRIG06 Qualitative risk assessment: Outcome

We have undertaken comprehensive procedures in this area as part of our build-back risk assessment in accordance with the requirements and statutory considerations set out in LARRIG06.

As part of our procedures under this stream we had planned to reconcile the financial statements to the general ledger and the trial balance for the current year and each previously disclaimed year, tracing back to the last clean opinion dated 31 March 2021. The reconciliation for the accounts as at 31 March 2024 was completed in the prior year with no issues noted. For the years ended 31 March 2022 and 31 March 2023, we have reconciled the balance sheet to the trial balance (TB), with the exception of Note 5 – Expenditure and Income Analysis by Nature. However, we have not been able to reconcile the balance sheet to the general ledger (GL) due to manual adjustments resulting in material variances between each line item. Furthermore, we have been unable to reconcile the Comprehensive Income and Expenditure Statement (CIES) to the TB and GL due to these manual adjustments made by the Council. Additional time was spent by audit and management to interrogate these matters. We have agreed with management that there will not be sufficient time for the finalisation of this work ahead of the backstop date. We will continue this work during the 2025/26 audit.

Based on the work performed to date, we have determined that Stevenage Council is at the higher end of the risk spectrum for build-back purposes. This is because a number of factors indicating high risk, as per LARRIG06, are features of the Council, including the complexity of the financial statements, the significant income strip investment and related transactions, the presence of a large HRA and challenges we have encountered agreeing historic accounts to the trial balance and reserves movements across the disclaimed period.

As a result, full build back procedures will be required in the coming years in respect of income and expenditure in the disclaimed period.

Building back assurance

Build back activity	Commentary	Outcome
<p>Phase 2: Build back of assurance in respect of Property, Plant and Equipment over the disclaimed period</p> <p>In order to build back assurance over the reserves, we are required to undertake substantive testing of movements in property, plant and equipment over the disclaimed period.</p>	<p>We have undertaken procedures to substantively test disposals, additions, reclassifications and other PPE movements back to the last clean audit opinion. The work also included reconciling the Fixed Asset Register (FAR) to the general ledger balances and reconciling both of these to the accounts for each disclaimed year.</p> <p>Disposals: We have commenced our procedures on disposals over the disclaimed period. We have reviewed breakdowns provided by management and evidence to support some transactions. Other transactions break down into a significant number of smaller individual transactions and there was insufficient time to complete this work before the backstop date. Due to time constraints, it was agreed with the finance team to prioritise other matters, and it was agreed with management that we would return to this testing at a later date.</p> <p>Additions: We have commenced our procedures on capital additions over the disclaimed period. Stevenage is a large council with a significant volume of transactions across the period. Given the volume of work involved we have not yet concluded our work in this area and will continue our work in 2025/26. Due to time constraints with the volume of work required, the finance team had to prioritise issues, and it was agreed with management that we would return to this testing at a later date.</p> <p>Reclassifications: We have commenced our procedures over the disclaimed period. Reclassification listings have been provided and we will conclude the remaining procedures in 2025/26.</p> <p>Consequently, further work remains outstanding for additions, disposals, reclassifications and depreciation across the disclaimed years to recover assurance and build back to the last clean opinion.</p>	<p>We have started but not been able to conclude our work for the reasons set out to the left. All time allocated to this task for 2024/25 has been utilised and the constraints posed by the statutory backstop date means the work has not yet been able to be concluded</p> <p>We will continue our work on this in 2025/26.</p>



Building back assurance

Build back activity	Commentary	Outcome
<p>Phase 2: Build back of assurance in respect of other balances directly influenced by the opening position over the disclaimed period</p> <p>In order to build back assurance over balances where the closing position is directly influenced by the opening position, we are required to undertake substantive testing of movements in these balances over the disclaimed period.</p>	<p>We have commenced our procedures in this area but further work is required in order to conclude. The balances in question include:</p> <ul style="list-style-type: none"> Queensway income strip transactions: work has commenced in this area and is currently ongoing. This includes consideration of the calculation of the expected interest rate against CIPFA Code requirements and the judgements informing the accounting for the lump sum paid to the Council at the inception of the scheme, as well as the annual transactions relating to the income strip throughout the disclaimed period. Long term debtors: work has commenced in this area and is currently ongoing Collection fund debtors and creditors: work has commenced in this area and will be concluded once historic, related income and expenditure and collection fund transactions have been substantively tested and recovered. Pension liability: work has commenced in this area and will be concluded following the pension fund triennial valuation due in 2025/26. Provisions: additional work is required in respect of the NNDR appeals provision as the closing balance is directly influenced by the opening position. 	<p>Due to time constraints imposed by the backstop date, we were unable to fully conclude our build-back work on other balance sheet line items.</p> <p>The work on the income strip build back will taken through to completion with findings reported to you. This includes the work on the associated long-term debtors and liabilities.</p> <p>Collection fund debtors and creditors will be concluded once we have obtained build-back assurance over the collection fund from the disclaimed years.</p>



Building back assurance

Build back activity	Commentary	Outcome
Phase 3: Build back of assurance in respect of unusable and useable reserves	<p>We have undertaken our procedures, which includes reconciling and validating movements within the Movement in Reserves Statements (MIRS) for each disclaimed audit period back to the last clean opinion.</p> <p>During our review we noted that several changes had been made to the comparatives in the 2022/23 accounts in these notes, meaning the comparatives differed from the figures originally presented in the 2021/22 accounts. These changes resulted in variances between the revised adjustments note and the initial reserve movements note. This may be due to amendments in the unusable reserve analysis for the 2022/23 comparatives, but to confirm this we need to obtain additional detail on useable reserve movements sitting behind the 2022/23 and 2023/24 financial statements. Overall, the variances net to zero within individual reserves, so the closing balances appear reasonable. However, to verify this, we will need an updated analysis of movements in unusable reserves for 2021/22. If this aligns with the updated MIRS adjustments, we should be able to resolve most variances. We intend to conclude this work in the near future.</p>	<p>All time allocated to this task for 2024/25 has been utilised and the constraints posed by the statutory backstop date means the work has not yet been able to be concluded</p> <p>We will conclude our work on this in 2025/26.</p>

Value for money

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Value for money

We are required to consider whether the Council has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources, as set out in the NAO Code of Practice 2024 and the requirements of Auditor Guidance Note 3 (‘AGN 03’).

We have completed our value for money work. Our detailed findings were reported in our Auditor’s Annual Report in November 2025.

We have not identified any significant weaknesses in the Council’s arrangements and so are satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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Reporting criteria	Planning – risk of significant weakness identified?	Final – significant weakness identified?	Recommendations made		
			Statutory	Key	Other
Financial sustainability How the body plans and manages its resources to ensure it can continue to deliver its services	No	No	No	No	Yes
Governance How the body ensures it makes informed decisions and properly manages risk	No	No	No	No	Yes
Improving economy, efficiency and effectiveness How the body uses information about its costs and performance to improve the way it manages and delivers its services	No	No	No	No	No

Independence and ethics

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Independence and ethics

The Ethical Standards and ISA (UK) 260 require us to give you full and fair disclosure of matters relating to our independence. In accordance with our profession’s ethical requirements and further to our audit plan issued confirming audit arrangements we confirm that there are no further facts or matters that impact on our integrity, objectivity and independence as auditors that we are required or wish to draw to your attention. We consider an objective, reasonable and informed third party would take the same view.

We confirm that Azets Audit Services and the engagement team complied with the FRC’s Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements. In addition, we have complied with the National Audit Office’s Auditor Guidance Note 01, which sets out supplementary guidance on ethical requirements for auditors of public sector bodies.

In particular: -

- ▶ Non-audit services: We provide assurance services as set out below
- ▶ Contingent fees: No contingent fee arrangements are in place for any services provided
- ▶ Gifts and hospitality: We have not identified any gifts or hospitality provided to, or received from, any member of the Council, senior management or staff
- ▶ Relationships: We have no other relationships with the Council, its directors, senior managers and affiliates, and we are not aware of any former partners or staff being employed, or holding discussions in anticipation of employment, as a director, or in a senior management role covering financial, accounting or control related areas.

Non-audit service fees

Service	2024/25 Fee £	Threats identified	Safeguards
Housing Benefit (HBAP) certification	28,000	Self interest (recurring fee)	The level of this recurring fee in and of itself is not considered a significant threat to independence, given the low level of the fee compared to the total fee for the audit and in particular compared to Azets’ UK turnover as a whole. The fee is fixed based on the volume of work required, with no contingent element. These factors, in our view, mitigate the perceived self-interest threat to an acceptable level.



Appendices

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Appendices

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Recommendations

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Appendix I: Recommendations – IT controls

Recommendations identified during the course of our audit.

The matters reported here are limited to deficiencies we have identified during the course of our audit which we feel are of sufficient importance to merit reporting to you under the auditing standards. Recommendations arising from our value for money work are reported separately in our Auditor’s Annual Report.

Assessment	Issue	Recommendation	Management response
GREEN	Stevenage Borough Council has in place an IT Acceptable Use Policy which communicates information and cyber security responsibilities to staff. There is no clear version control applied to this policy, with no review dates or frequencies applied. This is also the case for the Data Protection Policy, which sets out responsibilities of staff with direct relevance to data protection. There is a risk that, without a predefined review cycle, policies may not be reviewed regularly or in a timely manner. This may lead to outdated guidance or misalignment with evolving threats and risks, regulatory requirements, and organisational changes. This may lead to gaps in the organisation's security posture and staff awareness of key responsibilities in maintaining confidentiality, integrity and availability of information.	Stevenage Borough Council should establish a predefined review for all cyber related policies, including the IT Acceptable Use Policy and Data Protection Policy, to ensure they are assessed and updated at appropriate intervals. This will help maintain alignment with emerging risks, regulatory changes, and best practice, ensuring staff responsibilities for information and cyber security remain clear and up to date.	We have implemented a SharePoint review schedule (9/2/25) to track the review/approval dates for policies and standards, as well as their following scheduled review dates. A screenshot has been uploaded to Cozone (EHDC and SBC - Observations Log - SharePoint review site). Version control Action Plan: Agree on a version control standard and apply it to all ICT-generated policies and standards. Timeline: Implement by 31/3/2026

Key: Significant effect on financial statements Limited effect on financial statements Low improvement point / best practice



Appendix I: Recommendations – IT controls

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Assessment	Issue	Recommendation	Management response
GREEN	<p>The council has documented key roles and their related responsibilities with direct relevance to data protection within the Data Protection Policy. There is no wider, formal documentation of the responsibilities assigned to those in key roles, and the Council does not have an Information Security Policy in place. Without formal, approved and easily accessible documentation in place which communicates the responsibilities of staff with specialist/dedicated information and cyber security roles, there is a risk that individuals will not be aware of good practice and the responsibilities expected of them. This may impact upon their ability to successfully fulfil these roles, and on the awareness of general staff with regard to who can provide support in particular areas.</p>	<p>Stevenage Borough Council should ensure that key information and cyber security roles at all levels of the organisation are documented within policy alongside their associated responsibilities. The Council may wish to consider implementing an overarching Information Security Policy in which this can be done.</p>	<p>ICT and the Leadership Team will consider this recommendation and will determine the most appropriate approach to best meet these recommendations. Timeline: Implement by 31/12/25</p>

Key: Significant effect on financial statements Limited effect on financial statements Low improvement point / best practice



Appendix I: Recommendations – IT controls

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Assessment	Issue	Recommendation	Management response
GREEN	Stevenage Borough Council has in place a CIRP, BCP and Phishing Incident Response Playbook which, jointly, set out the organisation's approach to cyber incident response. The Council has evidenced consideration of the detection of, management of and response to cyber security incidents. It is noted that the CIRP, BCP and Information Security Incident Management Policy and Procedure are all undated, with no version control applied. There is a risk that if incident response planning is not kept up-to-date, plans and procedures may not reflect current threats, technologies, or organisational changes. This could lead to delays or inadequate response during an actual incident.	The Council should establish a regular review and approval process for incident response planning. This should occur on an annual basis or in response to any significant changes. Requirements for review should be documented within procedure to ensure accountability.	We have implemented a SharePoint review schedule (9/2/25) to track the review/approval dates for policies and standards, as well as their following scheduled review dates. A screenshot has been uploaded to Cozone (EHDC and SBC - Observations Log - SharePoint review site). Version control Action Plan: Agree on a version control standard and apply it to all ICT-generated policies and standards. Timeline: Implement by 31/10/25.
GREEN	The Access Control, Acceptable Use and Backups Policy lack a version control, and we are unable to determine when the policies were last updated. An out-of-date policy is likely to drive an inconsistent approach to the design, implementation and/or operating effectiveness of the processes and controls	We recommend implementing a version control to all policies to enable the last changed date and approvals to be recorded. Policies should be kept up-to-date and relevant to the organisational processes.	We have implemented a SharePoint review schedule (9/2/25) to track the review/approval dates for policies and standards, as well as their following scheduled review dates. A screenshot has been uploaded to Cozone (EHDC and SBC - Observations Log - SharePoint review site). Version control Action Plan: Agree on a version control standard and apply it to all ICT-generated policies and standards. Timeline: Implement by 31/10/25.

Key: **Significant** effect on financial statements **Limited** effect on financial statements **Low** improvement point / best practice



Appendix I: Recommendations – IT controls

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Assessment	Issue	Recommendation	Management response
GREEN	<p>The Council does not undertake user access reviews of Active Directory accounts.</p> <p>There is no process in place to review the appropriateness of active users in the finance system. A lack of periodic review of user access could result in inappropriate, excessive or unauthorised access being available to users/leavers.</p>	<p>We recommend conducting a review of all users on at least an annual basis to ensure access is appropriate and necessary.</p>	<p>An Active Directory hygiene check is underway. The initial focus is privileged accounts, then service accounts and finally user accounts.</p> <p>User accounts ICT will create a new policy for a regular validation of user accounts to ensure they are still required.</p> <p>Finance system access The Stevenage Borough Council finance systems team will need to respond to this finding.</p>
GREEN	<p>Stevenage Borough Council has not undertaken any testing of cyber incident response planning materials during the reporting period. If regular, holistic testing and exercising of plans is not undertaken, there is a risk that individuals with incident response roles will be underprepared to act effectively during an incident. There is also a risk that plans may become inappropriate in nature, failing to take into account changes made within t</p>	<p>Stevenage Borough Council should ensure that requirements for testing/exercising and subsequent lessons learned activities are set out within the CIRP.</p> <p>Incident response plans should be subject to regular testing to assess the effectiveness of response and recovery procedures, with tests encompassing formats such as desktop scenarios and simulations. Testing should be documented, with lessons learned activities performed and used to inform planning going forward.</p>	<p>A joint Stevenage Borough Council and East Herts District Council incident response tabletop exercise was implemented successfully on 12 September 2025.</p>

Key: **Significant** effect on financial statements **Limited** effect on financial statements **Low** improvement point / best practice



Appendix I: Recommendations – IT controls

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Assessment	Issue	Recommendation	Management response
GREEN	The password policy does not align to the NCSC best practice guidance for, 'Minimum Length. Weak password management controls result in an increased likelihood of brute-force attack (i.e. a password cracking method used by cyber-criminals used to determine account credentials)	We recommend that the minimum length should be increased to 12 characters. The password policy should be reviewed and updated to align with NCSC best practice guidance which is as follows; - User ID and Password required (unless SSO is used) - Minimum length: 12 characters - Complexity: Disabled - Password History: 8-24 passwords - Lockout Threshold: 5-10 attempts - Logout Duration: 2-15 minutes - Multi-factor Authentication: Enabled	RFC (Request for Change) number 356 was implemented on Tue, 09/09/25, to increase the minimum password length to 12. We have uploaded screenshots to Cozone to evidence the impact of the change (SBC - Observations Log - Password Minimum Length).

Key: Significant effect on financial statements Limited effect on financial statements Low improvement point / best practice



Appendix I: Recommendations – IT controls

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Assessment	Issue	Recommendation	Management response
AMBER	<p>We identified 127 generic accounts, some with unknown usage, passwords or access. We sampled 5 generic accounts to understand their use and access. 3 of these accounts had unknown usage and unknown passwords and were found to be not appropriate.</p> <p>Access to systems relevant to financial reporting processes is not attributable to individual users, thus reducing the ability to monitor appropriate and/or inappropriate activities in the system.</p>	<p>We recommend conducting a review of all users in Active Directory to ensure their access to the network is necessary and appropriate. Non-attributable (generic) accounts should be limited and restricted. The passwords to generic accounts should be stored in a password manager and only accessible by appropriate members of the team.</p>	<p>An Active Directory hygiene check is underway. The initial focus is privileged accounts, then service accounts and finally user accounts.</p> <p>Generic accounts Action Plan: Identify all generic accounts and rigorously reassess the justification for their continued usage. This review will ensure that each generic account remains necessary and that its usage aligns with current security policies and operational requirements. For generic accounts that are still required, an expiry date will be set, and passwords will be stored in 1Password (where applicable). Timeline: Implement by 31/3/2026.</p>
AMBER	<p>We identified 2 domain administrator accounts which are under review for appropriateness. Excessive privileges/administrator rights increases the likelihood that IT general controls can be changed, suppressed or circumvented thus reducing the consistency of the control operation (this access could be to data files, database tables, configuration, job schedules, batch routines and/or system generated reports.</p>	<p>We recommend conducting a review of all users including those with elevated privileges such as domain, enterprise and global administrators to ensure their access is appropriate and necessary to perform their job role.</p>	<p>An Active Directory hygiene check is underway. The initial focus is privileged accounts, then service accounts and finally user accounts.</p> <p>Privileged accounts All privileged accounts will be reviewed, their usage will be documented, and we will ensure that passwords are complex and stored in 1Password, where appropriate. Privileged accounts will be reviewed monthly to validate that they are still required. Timeline: Implement by 31/3/2026.</p>

Key: **Significant** effect on financial statements **Limited** effect on financial statements **Low** improvement point / best practice

Appendix I: Recommendations – financial statements

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Assessment	Issue	Recommendation	Management response
AMBER	Additional time was required to reconcile and map the general ledger to the Income and Expenditure by Nature note. Management provided a mapping document; however, a significant number of balances within the mapping were either linked to other notes or hard-typed rather than directly derived from the ledger. This limited our ability to clearly trace amounts back to the underlying ledger and made the reconciliation process challenging. Although discrepancies were identified and investigated, they could not be fully resolved, and as a result, we were unable to obtain a complete reconciliation of the note to the ledger. The matter relates to journal mapping and the process of agreeing the ledger to the accounts, including the allocation of balances to the Income and Expenditure by Nature note. Management provided alternative backup to Note 5 on 3 February 2026; however, we have not been able to review this due to the time constraint imposed by the national statutory backstop. As a result, we have not yet been able to conclude our procedures in relation to these off-ledger journals	The income and expenditure note should be mapped and reconciled to the general ledger before the accounts are submitted for audit, to enable the efficient progress of the audit and the selection of transaction samples for testing. This will be particularly important over the next few years to enable the build back of assurance over the disclaimed period.	TBA
AMBER	We were unable to complete our PPE build back work for additions, disposals and classifications as listings from historic disclaimed years did not reconcile to the accounts	The Council should ensure listings for addition, disposals and reclassifications for each disclaimed year are available and reconciled to the accounts.	TBA

Key: **Significant** effect on financial statements **Limited** effect on financial statements **Low** improvement point / best practice



Appendix I: Internal control recommendations

Follow up of prior year recommendations

Assessment 2023/24	Issue	Recommendation	Auditor update 2024/25	Outcome
AMBER	Stevenage Borough Council maintains an up-to-date and approved risk management framework, and we viewed evidence that risks were reported against to the February 2024 SLT meeting. However, as neither a Strategic or Corporate Risk Register could be provided for review, it is unclear if there is a process in place to actively track and manage cyber risks.	The Council should ensure that they are capturing and monitoring cyber risks within existing risk registers such as Strategic, Corporate or Operational level risk registers. This will help to ensure that original risk ratings, mitigations, residual risks and risk owners etc. are clear for each risk.	This issue has been addressed since the audit took place, and the cyber risks are now included in the risk registers	Action completed. Recommendation closed
AMBER	Stevenage Borough Council has an approach in place by which the results of scans are used to inform action planning. However, the planning does not include timescales that can be tracked and monitored, and an update has not been completed since the date when all actions were due to be completed	The Council should ensure that action planning is subject to ongoing monitoring to ensure that due dates can be met or mitigating controls and revised due dates put in place.	As of 15 July 2025, the council appointed the Cyber Manager and an ICT Senior Cyber Technical Engineer who will oversee the results of scans and implement mitigation controls based on the action plan derived from these scans.	Action completed. Recommendation closed

Appendix I: Internal control recommendations

Follow up of prior year recommendations

Assessment 2023/24	Issue	Recommendation	Auditor update 2024/25	Outcome
AMBER	The council has recently implemented a process by which suppliers and third-parties can be assessed with regards to their cyber security. The Council has not clearly defined how this assessment should be applied and responses assessed to identify the suitability of potential partners. There is, at present, no ongoing monitoring or re-review of existing partners in place.	The council should enhance their existing processes by defining thresholds by which response documents can be reviewed and risks/threats to third-party provisions identified. For example, this risk assessment should be based on a pre-defined set of requirements set by the Council to form a baseline maturity which third-parties must meet. The frequency of re-assessments should be based on the criticality of the supplier.	As of July 15th, the council appointed a Cyber Manager and an ICT Senior Cyber Technical Engineer. They have assessed their third-party cloud providers against the NCSC’s 14 Cloud Security Principles. Additionally, exploring the implementation of Risk Ledger to manage and enhance these processes	Action completed. Recommendation closed
AMBER	The Council has not formally documented the key roles and responsibilities for cyber security at either an operational or management level.	The council should ensure that key cyber security roles at all levels are documented within policy, alongside their associated responsibilities. This should include the responsibilities of all staff and executive management, as well as those in named cyber security roles (e.g., SIRO).	The ICT and leadership teams will consider this recommendation and determine the most appropriate approach to best address it. The implementation date is 31 December 2025; therefore, the recommendation has been carried forward to the 31 March 2025 work.	Action in progress. Recommendation remains open

Appendix I: Internal control recommendations

Follow up of prior year recommendations

Assessment 2023/24	Issue	Recommendation	Auditor update 2024/25	Outcome
AMBER	<p>Stevenage Borough Council does not have an Information Security Policy which sets out the high-level objectives and requirements of the organisation, including those requirements related to training or the roles and responsibilities of individuals. The existing Acceptable Use Policy is limited in its provision of responsibilities, although it is acknowledged that an updated version (which currently remains in draft) sets out more detailed guidance for staff.</p> <p>Mandatory cyber security training is carried out, and completion rates can be monitored.</p>	<p>Stevenage Borough Council should prioritise the approval and implementation of the new Acceptable Use Policy to ensure user responsibilities are set out in full. It may also be prudent to design, approve and implement an Information Security Policy which sets out the high-level objectives and requirements of the organisation, including key roles and responsibilities (e.g. of relevant governance groups and accountable individuals) and requirements for information security training.</p>	<p>This has been addressed with no further issues note.</p>	<p>Action completed. Recommendation closed</p>
AMBER	<p>The Council does not have in place an Information Asset Register which records key information assets alongside details such as the relevant IAO, storage location, and retention period. There is no Asset Management Policy in place, and the Access Control Policy does not sufficiently set out approaches to and requirements for authentication, role-based access, or access rights review.</p>	<p>The Council should implement an Information Asset Register which records key aspects expected by the ICO (e.g., IAO, Location, Retention Period, Security Measures.) This should be supported by an Asset Management Policy which sets out the Council's approach to identifying, managing and protecting critical information assets.</p>	<p>This has been addressed; the council created an Information Asset Register along with an Information Management policy.</p>	<p>Action completed. Recommendation closed</p>



Appendix I: Internal control recommendations

Follow up of prior year recommendations

Assessment 2023/24	Issue	Recommendation	Auditor update 2024/25	Outcome
AMBER	Stevenage Borough Council conducts vulnerability scanning and receives alerts from the NCSC Early Warning Alerts. However, no evidence could be provided for alerts raised in response to suspicious activity such as firewall alerts, antivirus alerts or suspicious logins.	The Council should ensure that alerts are raised and can be investigated in response to suspicious activity. This should include event information from firewall tooling, antivirus tooling, and suspicious login information.	The council appointed a Cyber Manager and ICT Senior Cyber Technical Engineer who have addressed this issue	Action completed. Recommendation closed
AMBER	The Council has a response policy and procedure in place, although such documentation remains undated with a lack of clarity as to their validity and currency. A desktop exercise has been held and lessons learned from this are planned to be incorporated into response plans. However, for subsequent exercises (e.g., NCSC Exercise in a Box), we have not received evidence of lessons learned reporting being used to inform incident response approaches going forward.	The council should review and update their incident response policy and procedure. This will help to ensure that their approach to incident management and response is up-to-date and reviewed on a regular basis (e.g., annually and in response to any significant organisational or environmental changes).	As of 15 July 2025, the council has appointed a Cyber Manger an ICT Senior Cyber Technical Engineer who has addressed this issue.	Action completed. Recommendation closed
AMBER	Stevenage Borough Council has a response policy and procedure in place, although such documentation remains undated with a lack of clarity as to their validity and currency. A desktop exercise has been held and lessons learned from this are planned to be incorporated into response plans. However, for subsequent exercises (e.g., NCSC Exercise in a Box), we have not received evidence of lessons learned reporting being used to inform incident response approaches going forward.	The council should ensure that testing is fully documented, with lessons learned activities performed and used to inform planning going forward.	This issue has been addressed, and annual testing now takes place	Action completed. Recommendation closed



Appendix I: Internal control recommendations

Follow up of prior year recommendations

Assessment 2023/24	Issue	Recommendation	Auditor update 2024/25	Outcome
AMBER	The council has a bank account with HSBC that is used for redevelopment of the Queensway block, which is shared between three parties. This has been omitted from the accounts as the council is not aware of the split between the three parties	The Council should clarify the split, identify the value of the asset belonging to the Council and update the accounts accordingly. Regular reviews of shared accounts should be implemented to ensure all parties are aware of their responsibilities and that the financial arrangements remain accurate and up to date.	Management not that the account has been closed and the balanced returned to the council. Due to time constraints, we were unable to conclude on this matter and will therefore review it as part of the 31 March 2026 audit.	Action completed. Recommendation closed
AMBER	The council has a bank account that they don't utilise	Unused bank accounts should be closed as they might be prone to fraud and unauthorized access if not regularly monitored	The unused bank account has been closed.	Action completed. Recommendation closed

Fees

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Appendix II: Fees

Our fees for the year ending 31 March 2025 are set out in the PSAA scale fees communication and are shown below and on the next page

Audit fees		Proposed fee £	Final fee £
<i>Scale fee – base fee for the audit of the Council (and Group’s) financial statements (as set out in the scale fees issued by PSAA)</i>			
Core work: Undertaking work on balances that have not been subject to audit for several years necessarily means the audit on the current year balances takes longer than would ordinarily be the case. Additional time from within the scale was therefore focused on this in line with our build back plan. Our scale fee work in 2024/25 was focused on recovery of year end balance sheet positions, journals, fraud testing and in-year reserves movements and analysis. Our findings from this work, including challenges encountered, are set out throughout this report. This fee also includes all work relating to value for money and IT general controls. Our Auditor’s Annual Report was issued in November 2025, contained 14 recommendations and covered a wide breadth of risk areas. Our ITGC work is reported in this document and comprises 9 recommendations.		219,875	219,875
In year quality and preparation issues: Management has been engaged and supportive. The matters reported in this report are not a reflection of a lack of engagement from management nor a reflection of poor quality in management’s processes or preparation. Rather they are unavoidable implications arising from a position wherein the Council’s accounts have not been audited for several years.		0	0
<i>Other fees</i>			
IFRS16 Leases: work needed to audit the new standard. PSAA have confirmed this work is not included in the above scale fee. We have undertaken our procedures for this work but have absorbed the additional costs within the scale fee, above		TBC	Included above
VFM additional risks: Our value for money work included detailed consideration across a wide breadth of risks and resulted in 14 recommendations. The costs of this work has been absorbed within the above scale fee		TBC	Included in scale fee, above
Sub total		TBC	219,875



Appendix II: Fees

Our fees for the year ending 31 March 2025 are set out in the PSAA scale fees communication and are shown below and on the next page

Audit fees	Proposed fee £	Final fee £
Disclaimer reporting fees		
Disclaimer fees: in year disclaimer planning and reporting. Additional work required to issue the disclaimer of opinion. This includes the extended reporting contained in this report and the audit plan, additional review and consultation requirements and additional file documentation requirements.	TBC	22,095
Build back fees		
LARRIG06 qualitative risk assessment: This includes all work to do on the LARRIG06 comprehensive build-back risk assessment, the identification of historic risk factors and the full consideration of the Council's complexity and control environment for all audit years back to 2021/21.	TBC	21,950
LARRIG06 quantitative risk assessment: Includes all work to date on MIRS movements, analysis and assessment over the disclaimed years, the identification of historic anomalies and an assessment of the position over the full disclaimed period.	TBC	17,035
PPE build back work to date to the last clean opinion over 3 disclaimed years: This includes all work over additions, disposals, reclassifications, other PPE movements and depreciation to date for each audit year back to 2020/21.	TBC	18,900
Income strip build back work to date over the 3 disclaimed years: This includes work to date tracing historic accounting transactions over the past three years of the income strip scheme back to 2020/21.	TBC	19,722
Work on prior year disclaimed years: This work includes work in disclaimed years including journals, trial balance agreement, control environment assessment and review of predecessor audit files. A small amount of work was undertaken this year and this has been included above in the quantitative and qualitative risk assessment fees above. Further work will be required as part of build back but, in line with our overarching build back plan, was not scheduled to take place in 2024/25.	0	0
Work on prior year disclaimed income and expenditure: This work will be required as part of build back but, in line with our overarching build back plan, was not scheduled to take place in 2024/25	0	0
Sub total	TBC	99,702

Appendix II: Fees

Our fees for the year ending 31 March 2025 are set out in the PSAA scale fees communication and are shown below and on the next page

Audit fees	Proposed fee £	Final fee £
<i>Build back fees</i>		
Quality and preparation issues: Management has been engaged and supportive. The matters reported in this report are not a reflection of a lack of engagement from management nor a reflection of poor quality in management’s processes or preparation. Rather they are unavoidable implications arising from a position wherein the Council’s accounts have not been audited for several years. This includes the additional time where disclaimed year working papers were prepared by members of finance who are no longer with the Council. These are factors beyond the Council’s control and are unavoidable costs of build-back. No avoidable costs have been identified.	TBC	0
VFM planning, undertaking and reporting: additional issues and risks arising from a prolonged period of disclaimed opinions have been included in the current scale fee.	TBC	0
Sub total	TBC	0
Sub-total carried forward from previous pages	TBC	319,577
Total audit fees	TBC	319,577

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Appendix II: Fees

Analysis of build back fees

Component	Description	Fee for build back work	Fee for build back quality and preparation	Total fee for build back work
Opinion	Fee for work on opinion planning, undertaking and reporting	99,702	0	99,702
Value for money	Fee for work on VFM planning, undertaking and reporting	Included above	0	Included above
Total		99,702	0	99,702

Total fees

Non audit fees for other services	Proposed fee £	Final fee £
Housing Benefit (HBAP) certification (work currently ongoing)	28,000	TBC
Total non audit fees	28,000	TBC
Fees brought forward for the core audit and build back, plus disclaimer reporting costs (see previous page)	319,577	TBC
Total fees charged	347,577	TBC

The audit fees charged do not reconcile to the fees disclosed in the financial statements because they include an additional prior-year fee determined by the PSAA after the audit was concluded.

As per PSAA’s Scale Fees Consultation, the scale fees did not include the new requirements of IFRS16 Leases. Additional Fees charged are subject to the fees variation process as outlined by the PSAA. MHCLG has announced additional funding for councils to meet the cost of work undertaken to issue disclaimed opinions and recover (build back) assurance over prior disclaimed periods with a view to returning to unmodified opinions at a future date.





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Stevenage Borough Council's Annual Governance Statement 2024/25

What is Corporate Governance?

In a local government context, corporate governance is the framework of policies and procedures in place and the values and behaviours that are needed to help ensure the organisation runs effectively, can be held to account for its actions and delivers the best possible outcomes for the community it serves with the resources available. Good governance enables the Council to effectively achieve its intended outcomes, whilst always acting in the public interest.

The CIPFA/SOLACE Delivering Good Governance in Local Government Framework sets the standard for local authority governance in the UK. The concept underpinning the framework is to support local government in developing and shaping an informed approach to governance, aimed at achieving the highest standards of governance in a measured and proportionate way.

The Framework is designed to assist authorities with the review of the unique local governance arrangements in place with the overall aim to ensure that:

- Resources are directed in accordance with agreed policy and according to priorities.
- There is sound and inclusive decision making.
- There is clear accountability for the use of these resources to achieve desired outcomes for service users and communities.

The Council's responsibility in relation to Corporate Governance

Stevenage Borough 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, Stevenage Borough 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 the Audit Committee each year. It was last approved by Audit Committee at its meeting on 4th June

2024 and has been reviewed and the revised Local Code is being presented to Audit Committee at its meeting in June 2025 for approval.

This Annual Governance Statement explains how the Council has complied with the Local Code, summarises the review of its governance arrangements and identifies areas of governance to be strengthened and associated actions. The Statement also meets the statutory requirements in section 6 of the 2015 Accounts and Audit (England) Regulations, which requires all relevant bodies to prepare an Annual Governance Statement.

SBC Governance Framework

The Local Governance Framework outlines the process the Council applies to review corporate governance arrangements. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they materialise, and to manage them efficiently, effectively, and economically.

Stevenage Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of local governance arrangements including the system of internal control.

The review of effectiveness is informed by the work of the senior managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Assurance's Annual Report, and by comments made by external auditors and other review agencies and inspectorates.

To monitor and maintain the effectiveness of the Council's governance arrangements and drive continuous improvement:

- A Corporate Governance Group is in place which 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. Key issues are escalated to the Senior Leadership Team.
- In addition to this proactive in-year review, an annual review of compliance with the behaviours that make up the seven core principles of corporate governance in the CIPFA/SOLACE Framework is carried out through the AGS.
- 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.
- 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 Internal Audit Annual Report, require inclusion in the Annual Governance Statement and monitors progress against actions included in the previous year's statement.
- The Audit Committee reviews and, if agreed, endorses the Local Code of Governance and Annual Governance Statement.

All these mechanisms of review contribute to overall assurance for the 2024/25 Annual Governance Statement.

The preparation and publication of the Annual Governance Statement in accordance with the requirements set out in the 'Delivering Good Governance in Local Governance' Framework (2016) fulfils the statutory requirement for the annual review of the effectiveness of systems of internal control.

The Governance Framework summarised in this Statement has been in place at the Council for the year ended 31 March 2025 and up to the date of approval of the Statement of Accounts.

Internal Audit Arrangements

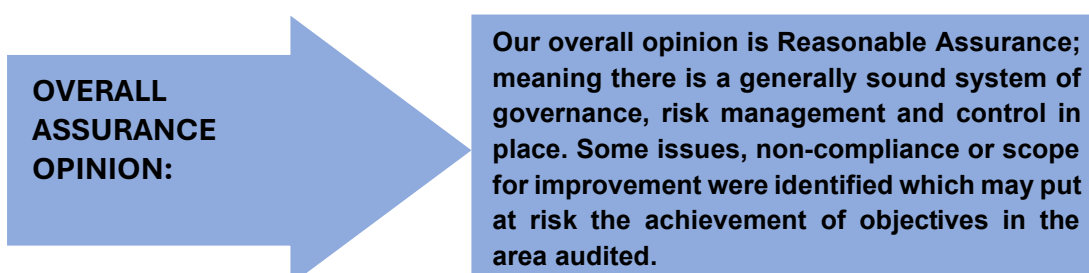
Annual Audit Coverage

The Council's Internal Audit coverage is planned and delivered by the Shared Internal Audit Service (SIAS) hosted by Hertfordshire County Council. It is managed by the Client Audit Manager. Internal audit coverage is determined through an established annual planning approach, which is influenced by external regulatory requirements and the strategic and operational risks of the Council. By reviewing the Council's systems of internal control, risk management and governance in accordance with an approved Internal Audit Plan, the SIAS contribute to the Council's corporate governance framework.

The SIAS operates to defined professional standards, i.e. the Internal Audit Standards and the Client Audit Manager reports to the Council's Strategic Director (S151 Officer) providing updates on internal audit matters at regular liaison meetings. The Client Audit Manager provides an independent opinion on the adequacy and effectiveness of the system of internal control, and this is reported annually to Audit Committee. The main responsibility of the SIAS is to provide assurance and advice on the internal control systems of the Council to both Management and Members. The SIAS reviews and appraises the adequacy, reliability, and effectiveness of internal control within systems and recommends improvement where necessary. It also supports management in developing systems by providing advice on matters pertaining to risk and control.

2024/25 Audit Report

The Client Audit Manager's Annual Internal Audit Report and Assurance Statement is being reported to the Audit Committee in June 2025. From the internal audit work undertaken in 2024/25, the SIAS can provide the following assurance on the adequacy and effectiveness of the Council's control environment:



Review of Effectiveness of Systems of Internal Audit

The Accounts and Audit Regulations 2015 came into force from 1 April 2015; Paragraph 5 (1) states, "A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance".

As part of demonstrating the efficiency and effectiveness of the internal audit activity and identifying opportunities for improvement, the Head of SIAS must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. This includes an annual self-assessment undertaken by the Head of SIAS against the Internal Audit Standards for Internal Audit in Local Government in the UK. The self-assessment concluded that the system of Internal Audit employed at Stevenage Borough Council is effective.

In addition, the Standards require that an external assessment or peer review is undertaken at least once every five years. An independent peer review was undertaken in 2021/22, which concluded that SIAS 'partially conforms' to the Standards, including the Definition of Internal Auditing, the Code of Ethics and Standards. Key recommendations made in the peer review were addressed in year, permitting SIAS to 'generally conform' to the Standards. 'Generally conforms' is the highest opinion within the scale of three ratings, and the peer review also identified areas of good practice and high standards.

The annual performance indicators for the SIAS are set by the SIAS Board which is comprised of the Chief Finance Officers from the client authorities within the partnership. The table below sets out the SIAS performance against the performance indicator relating to planned days delivery and planned projects delivery.

Indicator	Target 2024/25	Actual to 31 March 2025	Notes
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excludes unused contingency)	95%	95%	262 days delivered out of the 276 days planned
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects by 31st March 2025	90%	93%	25 projects to draft or final report from the 27 planned

The assurance arrangements conformed with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010), as demonstrated through the assessment in the SIAS Annual Assurance Statement and Internal Audit Annual Report being reported to Audit Committee in June 2025.

CIPFA / SOLACE Governance Principles Reviews

This section outlines the seven governance principles established in the CIPFA/SOLACE framework, Delivering Good Governance in Local Government, and details the arrangements in place that demonstrate the Council's compliance with these principles and the Council's own Local Code of Corporate Governance.

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

The sub-principles underpinning this principle are:

- *Behaving with integrity*
- *Demonstrating strong commitment to ethical values*
- *Respecting the rule of law*

The standards of conduct and personal behaviour expected of Members and Officers, partners and the community are defined and communicated through Codes of Conduct and Protocols and the Council's Constitution. Induction arrangements are in place to ensure that Members and Officers are aware of their responsibilities under these codes and protocols.

The Council's Local Code of Corporate Governance is reviewed annually and sets out the expectation that Members will have regard for the seven principles of public life (the Nolan Principles), as set out in Section 26 of the Localism Act 2011. The seven principles of public life are selflessness, integrity, objectivity, accountability, openness, honesty and leadership. These principles are readily accepted by the Council as underpinning all local government activity.

All Members make declarations of interest on appointment and are reminded to review and update their declarations if circumstances change. Minutes of meetings demonstrate that declarations of interest are sought and appropriately handled at each meeting.

The Council's website outlines the arrangements for making a complaint that a member of the authority has failed to comply with the Code of Conduct and sets out how the authority will deal with such allegations. Complaints about Members and allegations that a Member has breached the Code of Conduct would be dealt with by the Standards Committee and the Borough Solicitor (Monitoring Officer) under the Localism Act 2011. The Council has appointed an Independent Person, to be consulted on any alleged breaches to the Member Code of Conduct.

The Council has a Standards Committee to promote and maintain high standards of conduct by Members of the Council and deal with any allegations that a member is in breach of the Council's Code of Conduct and to consider changes to the Code as required.

The Council's Constitution sets out the employment procedures for the Head of the Paid Service, Strategic and Assistant Directors, Monitoring Officer and Chief Finance Officer.

The Council's three statutory officers – the Head of Paid Service, the Monitoring Officer, and the Chief Finance (Section 151) Officer – meet regularly to ensure they are able to fulfil their

statutory responsibilities effectively and that governance arrangements continue to support lawful and ethical decision-making.

The Council's has agreed six organisational values, which guide and inform the work of the Council. The values are underpinned by a behaviour framework for staff.



The Values are embedded into Member and Officer induction, regular officer meetings with their managers (REAL conversations), the Modern Member training programme, and management development programmes. A set of desired behaviours associated with each of the Values has been developed and forms part of the Council's appraisal process for officers.

The Council has a Whistleblowing Policy which is based on the Public Interest Disclosure Act 1998 as well as an Anti-Fraud and Corruption, Anti-Money Laundering, Anti-Bribery and Fraud Sanctions policies. The policies are available on the Council's website and intranet, with details on how to report suspected fraud.

One identified enhancement action relates to the Council's Constitution. The annual update was delayed in 2024–25 and should be completed at the earliest opportunity to ensure that decision-making continues to be based on the most up-to-date and robust governance framework.

Principle B: Ensuring openness and comprehensive stakeholder engagement

The sub-principles are:

- *Openness*
- *Engaging comprehensively with institutional stakeholders*
- *Engaging with individual citizens and service users effectively*

Stevenage Borough Council is committed to finding better ways of working for, and with, local people for the benefit of the local community whilst operating in an open and transparent manner.

The Council regularly provides local residents, partners, and other interested parties with opportunities to influence the planning, prioritisation, and monitoring of services. A variety of methods are used to engage the local community, such as: surveys and questionnaires, community roadshows, focus and action groups and stakeholder conferences.

Through the development of the Cooperative Neighbourhoods programme which commenced in 2020, Stevenage Borough Council has formed partnerships between elected members, Council officers, stakeholders, and community groups which focus on the needs of the local

community. Six cooperative neighbourhood areas each have a dedicated team that concentrates specifically on the development and improvement of their area through community engagement and direct delivery. Each team functions in the following ways:

- Connecting staff from different departments who work in the same part of Stevenage so they can provide better services to residents.
- Responding more quickly to matters that residents are concerned about.
- Making it easier for residents to shape the services and projects in their neighbourhood by continuous engagement using a variety of opportunities including face to face, digital and email/telephone options.
- Supporting the activities of residents and communities who want to improve their neighbourhoods and create new opportunities for themselves.

These teams also work together on the co-production of a variety of projects, initiatives, and developments across the town. Focusing on community collaboration and engagement, community wealth building and supporting local community groups and organisations, the Cooperative Neighbourhoods programme ensures healthy community relationships across the town.

The Resident Engagement Strategy 2024-2027, published in July 2024, outlines how the Council will engage with its tenants and leaseholders who live in properties owned by Stevenage Borough Council to ensure they have the opportunity to scrutinise, influence, and contribute to the services they receive. This Strategy reflects the Council's commitment to ensuring that 'tenant voice' is embedded across the Council landlord service.

The Equality, Diversity, and Inclusion (EDI) Action Plan for 2024/25 sets out 18 actions across six key objectives to ensure fair access to services and support the diverse needs of the local population. The Council has an internal governance structure to oversee EDI activity which includes a dedicated SLT Equality Champion. The Council continues to champion diversity through internal initiatives, including regular Equality Impact Assessments (EqIAs) and hosting or participating in a variety of events on important social issues. A particular highlight was the 'Stevenage Equalities Commission: Beyond Barriers Conference' held at the Gordon Craig Theatre and attended by approximately 90 residents, staff, partners and councillors.

The Stevenage Together partnership is a collaborative initiative designed to bring together a wide range of local stakeholders, including public sector bodies, businesses, and voluntary organisations, to work on the town's most significant strategic issues. Its ethos is to foster innovative ways of working together, in order to improve the lives of people who live work and visit Stevenage. Stevenage Together is supported by four themed sub-groups:

- SoSafe Community Safety Partnership
- Social Inclusion Partnership
- Healthy Stevenage Partnership
- Stevenage Works Strategic Partnership

This partnership ensures that a diverse range of perspectives and expertise is considered by the Council.

In addition, the Council has established shared service arrangements in order to provide service delivery benefits and added value with other Hertfordshire local authorities across a

range of areas including IT, payroll, legal and internal audit. Governance arrangements vary to some extent based on the nature of the service and structure of the shared service but involve Member and senior management oversight from all participating partners. The shared services are also considered for inclusion in the annual internal audit programme.

The Council maintains a commitment to openness and transparency in all its processes. Council meetings are open to the public, and relevant papers are published in advance to ensure that residents and other interested parties can access information about key decisions, unless there are specific legal or operational reasons for withholding them. In addition, Cabinet, Overview and Scrutiny and Council meetings are available to watch online. This approach helps foster accountability and trust, allowing residents to engage with and scrutinise the decision-making processes that affect them.

The Resident Survey, last conducted in 2021/22, provided valuable insight into residents' perceptions of Council services. The next survey, scheduled for 2025, will continue to gather feedback to ensure that service priorities are aligned with the community's needs.

Through these initiatives, the Council maintains a strong commitment to openness and accountability, ensuring that decisions are informed by a broad range of voices and that residents are involved in shaping the services they receive.

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

The sub-principles are:

- *Defining outcomes*
- *Sustainable economic, social and environmental benefits*



The Council's long-term vision is articulated in the three-year Corporate Plan: Making Stevenage Even Better, which was approved in February 2024 and implemented April 2024. The plan outlines the Council's strategic priorities and intended outcomes, shaped by feedback from residents and local partners and taking account of local demographic trends. It builds upon the previous Future Town, Future Council programme and is supported by key enabling strategies, including the Medium-Term Financial Strategy (MTFS) and Capital Strategy, to ensure delivery is financially sustainable.

The Corporate Plan sets out five strategic priorities:

- Tackling Climate Change
- More Social, Affordable and Good Quality Homes
- Balancing the Budget
- Thriving Neighbourhoods
- Transforming Our Town

Each strategic priority is accompanied by a “Plan on a Page”, which summarises the intended outcomes, key performance indicators, and milestones. This format provides a structured framework to track progress and ensure accountability. The plans are published online and reviewed annually to ensure that progress is being made, actions remain relevant and achievable.



Three cross-cutting themes — Equality, Diversity and Inclusion; Health and Wellbeing; and Technology and Innovation — are embedded across all priority areas. The inclusion of cross cutting themes represents the need to raise awareness of these areas when designing and delivering services.

The Council’s Climate Change Strategy sets out the commitment to achieving net zero carbon emissions by 2030 and outlines actions to support both organisational and district-wide decarbonisation. Progress is monitored through regular reporting and a public-facing dashboard, with governance oversight maintained by senior leadership and Cabinet.

Social value is also embedded within the Council’s commissioning and procurement activity. The Social Value Portal, underpinned by the National TOMs (Themes, Outcomes, Measures) framework, is used to assess and monitor the wider economic, social and environmental benefits delivered through contracts. This approach ensures that procurement decisions contribute meaningfully to the Council’s broader strategic aims.

Taken together, these arrangements provide assurance that the Council’s outcomes are clearly defined and that there is an integrated governance framework in place to support their achievement in a sustainable, accountable and inclusive manner.

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

The sub-principles are:

- *Determining interventions*
- *Planning interventions*
- *Optimising achievement of intended outcomes*

The Council's report template is designed to help officers take a structured approach to report writing including a comprehensive assessment of the legal, financial, risk and other implications of any proposed recommendations. All reports with legal or financial implications are checked by the Monitoring Officer or Chief Financial Officer as appropriate prior to consideration at committee.

The progress of each corporate priority is monitored via a set of performance measures and reported to Cabinet each quarter. In addition to tracking progress against the delivery of the corporate plan, performance across all Council services is monitored through the year to highlight achievements and identify areas for improvement and this is also reported to the Cabinet each quarter.

The Balancing the Budget programme continues to enhance the financial resilience of the Council by ensuring resources are being used effectively and efficiently and through the development of commercial and entrepreneurial skills and services.

Internal financial control is based on a framework of management information, financial regulations and administrative procedures, which include the separation of duties, management supervision, appropriate staffing structure including appropriately skilled, trained and qualified staff, and a system of delegation and accountability.

The Medium-Term Financial Strategy (MTFS) and HRA 30 year Business Plan provides the framework for the Council's financial planning, ensuring that resources are aligned with strategic priorities. It is reviewed at least annually (more often if financial risks are heightened) with the projected funding needs and financial pressures identified to support long-term sustainability.

Overall, the Council's governance arrangements ensure that decisions are made based on thorough analysis and are subject to ongoing scrutiny and challenge, both at an officer and Member level, contributing to the achievement of intended outcomes.

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

The sub-principles are:

- *Developing the entity's capacity*
- *Developing the capability of the entity's leadership and other individuals*

The Council supports both Members and Officers to develop the skills, knowledge and

capacity required to deliver effective governance and high-quality services. Newly elected Members undertake an induction programme, including briefings with key officers, to support their understanding of the Council's functions and responsibilities. Ongoing development is provided through the Modern Members Programme, which offers training tailored to Members' roles, including budget management, legislative updates and topical briefings. The programme is reviewed and developed in response to Member feedback.

For officers, the Council's Workforce Strategy – People, Even Better – sets out a framework for building a modern, skilled, and inclusive workforce aligned with the Council's Corporate Plan. It focuses on five key priorities: ways of working, attracting and retaining the best people, engagement and communication, inclusion and wellbeing, and organisational development.

The Council uses a HR Management system to support workforce planning (aligned with annual service and financial planning), training, development and the implementation of the Council's competency framework structure. The Council's Competency Framework provides a map of the behaviours, as well as the skills, that are valued and recognised by the Council.

Performance management is supported through a suite of HR policies and the REAL Conversations approach – a rolling programme of one-to-one meetings between managers and staff covering objectives, development, wellbeing and engagement.

Staff feedback informs ongoing improvement. For example, the 2024 staff survey identified a need to further embed an inclusive culture, which led to specific actions incorporated into the EDI Action Plan and monitored by the Officer Equality Group. The 2025 staff survey has been conducted across April and May 2025, and its findings will similarly inform future action.

The Chief Executive and Leader meet regularly to maintain a collaborative relationship whilst recognising their distinct leadership roles. Prior to the government's Local Government Reorganisation initiative which will see new unitary authorities replace the current two tier system of local government in Hertfordshire by April 2028, the Council was planning for a LGA Peer Review in 2025/26. This is now under review.

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

The sub-principles are:

- *Managing risk*
- *Managing performance*
- *Robust internal control*
- *Managing data*
- *Strong public financial management*

Risk management and corporate governance have been subject to internal audit during 2024/25, with both receiving positive audit outcomes. The Council's Risk Management Policy is supported by a guide available to all staff and training is provided periodically. Strategic risks are linked to the Council's priorities and recorded on a Strategic Risk Register, which is reviewed quarterly by senior officers and reported to the Audit Committee. Operational risk

registers are also maintained at service level. Each risk is assigned to a designated risk owner. Report templates prompt officers to consider risks, including financial, social and environmental implications, in decision making. The Corporate Risk Group meets quarterly to oversee the development of the Council's risk management arrangements.

Service planning takes place on an annual basis. This year the process has been adjusted in response to feedback from services to ensure better alignment with budget setting and the end of the financial year.

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. This process is usually undertaken across April and May. Whilst some improvement actions have been identified, none of these constitute a significant governance concern. The improvement actions will be monitored via the Corporate Governance Group.

The Council's internal financial control is supported by documented Contract Procedure Rules (formerly Contract Standing Orders) and Financial Regulations, which are regularly reviewed. They set out the procedures that the Council has adopted for financial planning, budgeting, risk management, auditing, treasury management and procurement of goods and services. The Contract Procedure Rules have recently been updated to reflect the requirements of the Procurement Act 2023 and Financial Regulations are due to be reviewed in 2025.

Balancing the budget remains a high strategic risk for the council given the uncertainty around the medium to longer term financial position and is thus captured as a governance improvement action later in this document.

The Council is a member of the Hertfordshire Shared Anti-Fraud Service, which provides a fraud prevention and investigation function and supports training, awareness and policy development in line with best practice. The service reports quarterly to the Audit Committee. The Council expects the highest standards of conduct from all those it works with and is currently updating its anti-fraud and whistleblowing policies with the help of the Shared Anti-Fraud Service.

Information governance is overseen by the Council's Information and Records Governance Manager (who is also the designated Data Protection Officer). Monitoring is carried out through the Corporate Governance Group, with any significant issues escalated to senior management. A suite of policies is in place to ensure the safe and lawful collection, storage and use of data. Data protection e-learning is available through the Council's digital training platform.

Cyber security is recognised as an increasing area of risk for the sector. The risk is monitored through the Strategic Risk Register and highlighted as an area for further improvement activity within this AGS.

The Housing Revenue Account (HRA) Business Plan is the Council's strategic plan for managing and maintaining its housing stock. It sets out the Council's short-to-medium term plans and priorities for its housing management services and provides a long-term perspective on stock investment and financial planning. The Business Plan is reviewed regularly to reflect changing circumstances and local priorities. The HRA Business Plan was reviewed in 2023/24 and the HRA MTFS in 2024/25 in response to increasing financial pressures. This intervention enabled the Council to set a financially sustainable budget for the HRA for 2025/26, but with

an increased savings target for the next three years of circa £6Million in total. It will be necessary to complete the actions as set out in the 2025/26 HRA Budget report for the 2025/26 Business Plan revision, to ensure that current spending plans are sustainable over the medium and longer term. The business plan is due to be published in November 2025 (this forms an enhancement activity as detailed later in this report).

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

The sub-principles are:

- *Implementing good practice in transparency*
- *Implementing good practice in reporting*
- *Assurance and effective accountability*

Reporting on performance, value for money, the stewardship of resources and the assessment of robust corporate governance arrangements are provided throughout the year through:

- Quarterly financial monitoring reports to Cabinet
- Quarterly corporate performance reports to Cabinet
- Annual publication of Statement of Accounts
- Publication of the Annual Governance Statement
- Publication of the Council's Annual Report
- Internal reporting of Financial KPI's to the Council's Senior Leadership Team quarterly

Compliance with regards to the publications commitments detailed in the Local Government Transparency Code 2015 is monitored throughout the year by Corporate Governance Group.

The Council's internal audit provision is delivered by the Shared Internal Audit Service hosted by Hertfordshire County Council. A summary of 2024/25 arrangements and the Head of Internal Audit opinion is set out in an earlier section of this Statement. Medium and high priority actions arising from internal audits are monitored to completion by the Audit Committee.

To support service delivery improvements, the Council welcomes constructive challenge as a result of scrutiny from internal/external audit activity as well as the work programme of Overview and Scrutiny Committee and other external review agencies and inspectorates.

The Council was subject to an RSH inspection in 2024/25 and achieved a C2 grading. This is a positive outcome (the second highest available) but some points to address were identified. A Provider Improvement Plan has been developed and will be reviewed with the regulator at regular meetings. This has been identified as a key governance action for 2025/26.

The Council has two wholly owned subsidiary companies, Queensway Properties LLP and Marshgate Ltd, both of which operate under their own internal governance structures but remain accountable within the Council's overall governance framework. The Council is also a shareholder in Hertfordshire CCTV Partnership Ltd (CCTV) and is a member of Swingate LLP, which has been established as a joint venture.

At the time of writing, the external audit for 2024/25 was underway.

With the exception of the action identified under Principle A, above, the review has found that arrangements reflect those summarised in the Council's Local Code of Corporate Governance.

Governance Improvement Actions 2023/24

Following the review of governance in 2023/24, the previous AGS identified some key areas where work would be undertaken to strengthen governance arrangements. Progress against those actions is set out below.

General Fund Asset Management

Work is ongoing to strengthen the Council's asset management arrangements. Progress has been made in clarifying service responsibilities, improving contract management, and preparing procurement activity to secure key compliance and maintenance services.

A Facilities Management Strategy is under review to define service standards and responsibilities, and a more formalised training plan is being developed for both the Facilities and Estates teams.

A programme of remedial works will be established once procurement is complete, ensuring statutory and compliance actions are addressed.

The Estates Commercial Review remains active, alongside a departmental restructure to ensure the service is adequately resourced.

Key actions currently underway include:

- Continuation of the Estates Commercial Review
- Review of the Facilities Management Strategy
- Development of a formal training plan for Facilities and Estates teams
- Procurement of key electrical, fire, mechanical, and soft services contracts
- Completion of the Estates department restructure
- Strengthening corporate landlord and occupier responsibilities framework

General Fund asset management arrangements continue to be monitored through the strategic risk register and statutory officers receive regular reports regarding compliance.

Balancing the Budget: To ensure that the Council has sufficient resources to fund its medium and long-term service plans and corporate priorities

2025/26 savings have been identified and approved by Council in February 2025 and 99% of savings identified for 2024/25 have been delivered.

Commercialisation: To ensure that the Council's ambitious Co-operative Commercial and Insourcing Strategy can be achieved

Teams across the Council continue to support the development of commercial workstreams, with a range of teams presenting proposals at the working group meetings, showing the extent to which a commercial culture has established. A number of insourcing opportunities have been explored and business cases submitted where appropriate. Fees and charges for 2025/26 for both the General Fund and Housing Revenue Account have been approved. Contract management training has been provided and was well received.

Responding to socio-economic impacts:

Action taken includes:

- Continued use of UKSPF funds to support projects within the town and use of Social Value Portal to provide funding for local skills development and key local investment priorities.
- Household support funding is being used to fund community cafes which act as warm and cool spaces.
- Development of strong networks with young people's services, education providers, businesses, and organisations across Stevenage. The Council also continues to work with partners to increase access to funding, share learning and best practice and to co-ordinate activity where appropriate (e.g. Mission44).
- The Cost of Living information hub on the Council's website has continued to be updated and work is ongoing with partners including Citizen's Advice and the Money Advice Unit to offer residents a comprehensive advice and support service
- The Terms of Reference for Stevenage Together partnership have been reviewed. The partnership and subgroups continue to take a strategic approach to issues that influence the quality of life of those who live and work in Stevenage.
- A successful application has been made for the Warm Homes: Social Housing Fund to retrofit and decarbonise a portion of the Council's housing stock. Additionally, an expression of interest has been submitted in relation to the Warm Homes: Local Grant to retrofit private homes across the town. These initiatives will help to reduce Council, tenant and resident costs.

IT Resilience and Cyber Security: to continue to implement the IT Strategy and Action Plan to enhance IT infrastructure, cyber security and IT resilience

The Council has invested in additional resources for the Shared ICT service and the restructure to improve resilience and capacity will be completed in 2025/26. Work to achieve PSN certification and Cyber Assessment Framework Accreditation remains ongoing but overall cyber resilience continues to grow incrementally in the meantime as individual measures within the frameworks are achieved. The Cyber Treatment Plan produced for the Council by the National Cyber Security Department has been completed. The cyber security policies have also been reviewed.

Health and Safety: Continue to enhance and embed health and safety compliance and performance

Internally conducted audits have been completed and action plans agreed and monitored. The health and safety risks continue to be monitored by the H&S strategic group and key issues escalated. There are currently three high risks, which are also components of risks detailed in the Strategic Risk Register, all of which have mitigating actions planned and underway.

Council Housebuilding and Acquisitions Programme: To ensure the Council can deliver new council owned homes as programmed

There has been good progress on schemes and new schemes are progressing in early design stages and will be assessed for viability as the design develops. There has also been successful receipt of a first tranche of grant funding from Homes England and exploration of other bid opportunities.

Repairs and Voids

An improvement plan for the Repairs service is being implemented following an independent review and a Community Select Committee scrutiny carried out in 2023/24. Good progress is being made on the workstreams – a review of staffing resources has been completed and recruitment to key management roles concluded in Q4 of 2024/25. Policies and procedures are being worked on including a protocol between the Repairs and Maintenance and Housing Asset Management teams to ensure repair requests are managed efficiently. The procurement of support contractors is in progress with contract mobilisation expected during 2025/26. Having good quality, cost effective and well managed contractors alongside the core in-house trades will help ensure the service can carry out repairs in a timely manner. In 2025/26 there will also be a focus on ensuring clear and effective processes are in place to ensure consistency and efficiency of service delivery. In the longer-term, delivery of improvements to housing systems will enable more efficient ways of working which in turn will support increased productivity of the workforce.

Progress has also been made with the Voids Improvement Plan in 2024/25 with the future delivery model having been agreed in principle and a new Voids Policy and Lettable Standard approved. In 2025/26 a mobilisation plan for an in-house Voids team will be worked up to enable a small team established during the year to enable completion of void works supported by external contractors for which the procurement process commenced in 2024/25 will be concluded in early 2025/26.

Corporate Capacity: To ensure the Council has the capacity to carry out all of its priorities as well as provide its core services and implement new government requirements as they arise

The Workforce Strategy was approved by Cabinet in September 2024. The HR team continue to work with service leadership teams to prioritise recruitment and associated support plans.

Social Housing Regulation Act: To deliver the proposals set out in the Social Housing Regulation Act

The Regulator of Social Housing inspection took place in September 2024 and the Council achieved a C2 rating. A post inspection plan has been developed and will be monitored through to completion (this is identified as a governance improvement action in this year's Annual Governance Statement).

Building and Fire Safety Acts: To deliver the proposals set out in the new Building Safety/Fire Safety Acts which have established new legal duties for landlord and building owners of higher-risk residential buildings to keep their buildings safe

Contractors have been appointed and remedial works continue to be identified and progressed. Fire risk remedial numbers are reported to Cabinet via the Performance Scorecard and show an improving position. Monitoring of compliance also takes place via Corporate Compliance Group, SLT and reports provided to the statutory officers. Overall there has been positive progress.

Climate Change: To ensure Stevenage can meet the government's net zero target for the town by 2050

Action taken includes:

- The Climate Change Annual Update has been presented to SLT, Cabinet and Environment & Economy Select Committee, and the Council emissions annual report is in progress. The Climate Action Plan Tracker remains available online and has been updated throughout the year.
- The Council has successfully applied for funding from the Warm Homes: Social Housing Fund to retrofit and decarbonise housing stock. Additionally, an expression of interest has been submitted in relation to the Warm Homes: Local Grant to retrofit private homes across the town.
- The Climate Change Risk Assessment has been completed and approved by SLT but the team are working in amendments and complements and are aiming to produce a new CCRA during 2025. The team are also coordinating efforts for the production of a Climate Change Adaption Plan.
- Regarding the SBC Local Plan, the Regulation 19 consultation opened in November 2024 and the Planning Policy and Climate Action teams have been working closely in each consultation round to provide a response and update, if required.
- Social Value considerations for procurement processes have continued to be implemented, as well as a Stevenage Green Business Grant which has been awarded to local businesses to implement greener solutions by purchasing and installing new products and equipment to reduce their carbon footprint.

Digital Switchover: To ensure that there is no disruption as a result of the changeover from analogue to digital lines

This remains a strategic risk but the national deadline for switching from analogue to digital lines has been delayed to January 2027 and progress has begun to be made in the meantime, so the overall risk has reduced. There are broadly three main workstreams: Independent Living Schemes, Housing, and other non-housing lines. The testing of the first independent living scheme careline transfer was successful and it is the target to complete the transfer for all independent living sites in 2025. IT are managing non-housing conversion of lines and are also targeting completion in 2025, ahead of the new deadline. A working group has been set up comprised of Housing Management, Asset Management and IT to ensure that the approach for other (non careline) Housing lines is aligned with the activity taking place for non-housing elements of the wider estate.

Court Cost Management: To enhance arrangements for managing court costs

A process is being established between finance and shared legal services to ensure collection and recording of court costs takes place.

In addition to the actions referred to above, the 2023/24 AGS also referred to improvement activity that was planned in relation to a self-assessment against the seven 'characteristics of a well-functioning authority' as set out in the (at the time) draft Best Value Duty guidance to build on existing good practice. Progress against those improvement actions is detailed below.

Best Value Self Assessment Actions

Action	Update
Continuous Improvement	
<ul style="list-style-type: none"> i. In response to the Office for Local Government's (OfLoG) publication of local authority data, the OfLoG District Council Metrics will be added to the Council's Performance Management System in 2024/25 for quarterly monitoring and review by the Senior Leadership Team (SLT) ii. The Council will undertake a review of its approach to coordination of Government Single Data List returns to ensure that there is a central log of comparative data for key services iii. To enhance the Council's existing approach to using data to inform business insight, an assessment of all existing business insight tools will be undertaken iv. The SLT will continue to retain priority focus on workforce matters through its Workforce Strategy with specific focus on promoting the link between individual staff objectives (as captured through REALs) and the council's wider MSEB strategic priorities i.e. 'the golden thread' v. Audit of Service Assurance Statements to be added to the 2025/26 SIAS programme of work. 	<p>All applicable OfLoG measures have been incorporated into the Performance Management System (inPhase), however it was announced in December 2024 that OfLoG would be closed. Other benchmarking measures will be explored (e.g. LG Inform) as part of the work to explore other performance reporting systems and greater use of PowerBI as a primary business insight tool.</p> <p>The Workforce Strategy was approved in September 2024 and the use of REALs continues to support the cascading of the council's wider MSEB strategic priorities through to individual staff objectives.</p> <p>Service Assurance Statement template reviewed and updated April 2024. Possible future external / independent review remains under consideration.</p>
Leadership	
<ul style="list-style-type: none"> i. The Council will implement a budget process development model for 2025/26 which is aligned with key outcomes identified in Service Plans ii. All Service Plans (currently held corporately) will be made accessible online to the SLT throughout the year via Microsoft Teams 	<p>Budget planning for 2025/26 has now concluded. A new process for budget development has been set out and is underway for 2026/27.</p> <p>Service plans are being made accessible to SLT and will continue to be going forward.</p>

Governance	
<ul style="list-style-type: none"> i. To enhance Member knowledge and insight of Council matters, the Council will review the scrutiny subject topics for 2024/25 and identify opportunities for future Select Committees covering a range of subjects (including site visits and external visitors were appropriate) ii. Through the new Member training programme, a session on the importance of scrutiny and existing scrutiny functions will be arranged iii. Introduce a single annual performance and forecast review report for Stevenage Borough Council companies iv. Introduce a twice yearly SLT Complaints Report on key complaints themes identified through the Annual Complaints and Service Improvement Report 	<p>Scrutiny topics for 2024/25 were developed to ensure that they covered a range of subjects, supported by the Scrutiny Officer.</p> <p>A session with the Centre for Governance and Scrutiny provided a session for our newly elected Members on the essentials of scrutiny on 18 July 2024.</p> <p>This is currently reported in the end of year Monitoring Report General Fund, Housing Revenue Account, Capital, and Group Companies. Financial reporting and performance reporting has been aligned to be reviewed together.</p> <p>Complaints information is now being reported alongside the Corporate Performance Quarterly Reports.</p>
Use of Resources	
Undertake a review of the Council's approach to project management to ensure that the Council's ability to check the intended outcome of projects is assured and this is communicated to key stakeholders	Various project governance processes are in place. These will be tested further through the service level assurance process.

The Council remains committed to upholding the principles of Best Value, ensuring continuous improvement in the delivery of services while balancing quality, cost, and community outcomes. As governance requirements evolve, the Council continues to adapt its actions, ensuring they remain aligned with the core intent of the duty and guidance.

Planned Improvement Activity for 2025/26

Significant internal control and governance issues identified as part of the 2024/25 review of governance are set out in the following Action Plan.

Enhancement activity is deemed significant if recommended for reflection in the Annual Governance Statement by the Shared Internal Audit Service following reviews of control arrangements to meet the Audit Plan, or if identified as key to the management of 'very high/high level' strategic risks or based on the findings of the review of compliance with the CIPFA/SOLACE governance principles. By adopting this approach, any concerns over key controls that have a material effect on corporate governance arrangements and the associated delivery of priority outcomes should be addressed.

Issue	Action (and target dates)	Owner
Local Government reorganisation / devolution (<i>strategic risk</i>)	<ul style="list-style-type: none"> Review the capacity needed to engage effectively with the local government reorganisation process, Establish an internal governance structure to oversee the process, Following due consideration and engagement with local partners, ensure submission of required returns. <p><i>Target date:</i> <i>Next submission due November 2025</i></p>	Chief Executive
HRA Business Plan (<i>strategic risk</i>)	<p>To ensure that medium to long-term viability of the HRA is sustainable, the following activity is planned:</p> <ul style="list-style-type: none"> Undertake a full review of the HRA business plan and investigate saving opportunities identified through the MTFS November 2024 update. <p><i>Target date:</i> <i>Review to be published November 2025</i></p>	Assistant Director for Housing and Neighbourhoods
IT resilience (<i>strategic risk</i>)	<p>To manage risks relating to IT resilience, the following work is planned:</p> <ol style="list-style-type: none"> Build on existing cyber security training for Staff and Members, Gain Cyber Essentials certification. Gain PSN certification, Complete the Cyber Assessment Framework. <p><i>Target date:</i> <i>(a) End of March 2026</i> <i>(b) End of March 2027</i></p>	Assistant Director for IT

Issue	Action (and target dates)	Owner
Balancing the budget (<i>strategic risk</i>)	<p>To ensure that the Council has sufficient resources to fund its medium and long-term service plans and corporate priorities, the following activity is planned:</p> <ul style="list-style-type: none"> • Find Balancing the Budget (BTB) savings and new revenue streams as part of the 2026/27 budget setting process, • Ensure robust budget monitoring and all costs are accurately forecast and profiled in year, providing budget monitoring reports to Cabinet. • Review of Fees and Charges for 2026/27 to contribute to the BTB savings. <p><i>Target date:</i> A process has been implemented for the 2026/27 budget and savings will be published for approval in Q3.</p>	Assistant Director Finance
Housing Property Services – Contract Compliance (<i>internal audit programme</i>)	<p>To improve contract compliance within Housing Property Services, the following activity is planned:</p> <p>(a) Appoint repairs and maintenance contractors to support the in-house Repairs team and a lift servicing and maintenance contractor for stairlifts, through floor lifts and hoists, etc installed in council properties following a robust procurement / appointment process, held in accordance with the Contract Procedure Rules and supported by the Corporate Procurement team.</p> <p>(b) Embed improved documentation processes in relation to contract compliance.</p> <p><i>Target date:</i> (a) Support contractors for repairs: Q1, Servicing and maintenance contract for lifting equipment: Q4 (b) To be tested through 2024/25 internal audit programme</p>	Assistant Director Building Safety and Housing Property
Constitution review (<i>review of governance principles</i>)	<p>Ensure a high-level targeted review of the constitution takes place and that a process is in place for this to happen on an annual basis (recognising that future reviews may be influenced by forthcoming local government reorganisation developments).</p> <p><i>Target date:</i> Q2 2025/26</p>	Monitoring officer

Issue	Action (and target dates)	Owner
Regulator of Social Housing Inspection – Provider Improvement Plan (<i>inspection outcome</i>)	Ensure completion of corrective actions identified in the post inspection action plan. <i>Target date:</i> <i>Ongoing monitoring throughout the year, as per the Regulator of Social Housing's timetable</i>	Assistant Director Building Safety and Housing Property and Assistant Director for Housing and Neighbourhoods

The Council is committed to monitoring implementation of these actions as part of the next annual review.

Approval of Statement

Approval of Statement by Chief Executive and Leader of the Council

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Strategic Leadership Team, relevant officers and the Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. Areas to enhance the governance framework already addressed are summarised in this Annual Governance Statement. Areas to be addressed and ensure continuous improvement are set out in the table above on pages 22-24.

We propose over the coming year to take steps to address the above matters, to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed

Date

Cllr Richard Henry
Leader of Stevenage Borough Council

Signed

Date

Tom Pike
Chief Executive of Stevenage Borough Council

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2024/25
Financial Report including
Statement of Accounts
and Group Accounts



The 2024/25 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 **XX February 2026**.

Chair Audit Committee

Chair Statement of Accounts Committee

XX February 2026

XX February 2026



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.

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Foreword by Chief Executive

Welcome to Stevenage Borough Council's Statement of Accounts for 2024/25. 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 is 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 alongside our quarterly Budget Monitoring and Performance reports to the Council's Cabinet meetings.

Organisational overview and external environment

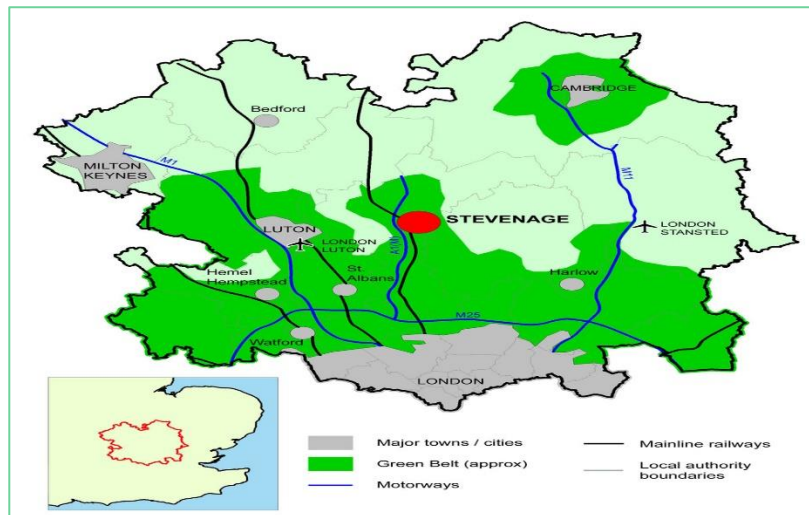
About Stevenage

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 90,000 people and 52,000 jobs, with established businesses in key sectors including pharmaceutical, advance manufacture, space and defence, life sciences and health care. Through the Make Stevenage Even Better (MSEB) Plan and its associated "Transforming Our Town" objective, the Council is also introducing 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 90,000 residents live in 13 wards. The Council uses an innovative Co-operative Neighbourhoods approach to work closely with communities across these 13 wards.

The Local Government Boundary Commission for England undertook a review of the Stevenage ward boundaries in 2022. Those recommendations are now final and became law in 2023. The recommendations changed all the ward boundaries whilst maintaining the number of councillors (39) and wards (13) as before. The new arrangements were in force for the local elections on 2 May 2024.

The Council employs circa 670 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 7,972 homes along with oversight of around 1,500 leasehold properties. The Council receives around 120,000 contracts from residents across all channels to its Customer Services Centre per year and the Council's website receives in the region of 1.9 Million views.

Altogether Stevenage Borough Council provides circa 120 different services, most of which are directly delivered in-house, and also 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 Hertsmeres 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 Hertsmeres

The 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 started on 1 April 2023.

The partnership enables Everyone Active to build on the current leisure and arts development offering in the local area. 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.

During 2023/24, the £65Million European manufacturing facility for Autolus Therapeutics opened at the former Marshgate car park site. Autolus, a biopharmaceutical company, decided to locate its manufacturing headquarters in the town creating up to 400 jobs and committing its future to Stevenage.

Stevenage is home to some other major Science, Technology, Engineering and Maths (STEM) employers including:

- GlaxoSmithKline Research and Development, and adjacent to the site, a £1bn development programme in place for the next 10 years which will realise up to 4000 new jobs
- Airbus Defence & Space
- MBDA Missile Systems
- Stevenage Bioscience Catalyst
- Stevenage Cell & Gene Catapult

- Fujitsu

The Council supported local business and employment opportunities within Stevenage in 2024/25 by:

- Hosted a summit at Knebworth House to celebrate the success of our Pioneering Young Science, Technology, Engineering, and Mathematics (STEM) Futures partnership with Mission44, bringing together local businesses, education leaders and key strategic partners—including North Hertfordshire College, the University of Hertfordshire and Hertfordshire Futures—to reflect on achievements and shape the next phase of collaboration.
- Secured dedicated funding from Mission44 to create a new Enterprise & Skills Partnership Officer role, focused on strengthening connections between Stevenage's business community, education providers and public sector organisations to help drive skills development and inclusive economic growth.
- Completed the final year of our original UK Shared Prosperity Fund programme, investing £650,000 into our people, communities and local businesses. Funded initiatives included a 'Meet the Buyer' event with over 90 representatives from local businesses at Knebworth Barns; a business sustainability programme in partnership with Sustainable X that offers direct funding to support local neighbourhood centre enterprises; and a countywide business support network led by Hertfordshire Futures, with delivery from partners such as Step2Skills and Wenta.
- Supported the successful delivery of the Generation Stevenage skills fair at Knebworth House in May 2024, part of a countywide programme delivered by Hertfordshire Futures, which welcomed over 1,000 students from Stevenage and the surrounding area to engage with local employers and explore future career pathways.
- Assisted with the delivery the 'Inclusive Jobs Fair', in partnership with Step 2 Skills and Job Centre Plus at Stevenage Football Club. The event hosted over 15 organisations and supported over two hundred visitors over the course of the day with activities covering work taster sessions, interviews, access to training and upskilling opportunities to secure future employment, as well as several permanent job roles.
- Offered grant funding through the Stevenage Business Start-up Grant Scheme that aimed to help pre-start and early-stage businesses that require funding to boost business ideas and growth plans. Up to £10,000 of grant funding was also offered through the Stevenage Green Business Grant that sponsored 8 small businesses and charities to tackle rising energy costs, reach net zero and build climate resilience, by implementing greener solutions (purchasing and installing new products and equipment to reduce carbon footprint, water and overall waste, improve their energy efficiency, and reduce energy costs.

- Sponsored a series of standalone business workshops in partnership with Action Coach. These began in 2023 and have continued into 2025. Topics have included leadership and management strategies, future proof businesses, and accelerating sustainable growth.
- Raised awareness of 34 local small businesses through our Christmas Grottos and Trails as part of the Small Business Saturday initiative.
- Supported 60 new businesses and created 77 new jobs with our partner Wenta through our Business Technology Centre.

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.

Stevenage has a strong culture and leisure focus 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 to explore the opportunities and aspirations for a new heritage facility linked to the Council's wider regeneration programme.

The town 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.

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 £350Million SG1 scheme.

During 2024/25 the Council began the development of new town centre including:

- The first phase of the SG1 masterplan has started, with construction beginning on Claxton House, on the site of the former Swingate House in partnership with Mace. The development will bring 261 high-quality new homes and a ground-floor commercial unit right into the heart of the town.

- The first phase of the Guinness Partnership development on the former Matalan site was completed this year, delivering 143 affordable one- and two-bedroom homes for social rent. This provides a new and valuable source of affordable homes located in the heart of the town.
- Delivered more flexible workspace through the expansion of Co-Space in the Town Square was completed in early 2025, bringing an additional 150 desks into modern, flexible office space. This supports small businesses and local entrepreneurs while bringing more footfall into the town centre.
- Made public realm improvements to Market Square to make it safer and more welcoming, including a widened footpath, raised crossing, improved lighting, the addition of urban artworks and added greenery.
- Launched Stevenage's new cycle hire scheme in partnership with Beryl in October 2024. The bikes and e-bikes offer residents and visitors a greener, easier way to get around town, supporting our goal to make active travel the first choice for short journeys, promoting active travel and reducing transport related emissions. To date, 45 bays have been installed across the town, and the scheme has attracted more than 5,000 users and they have been used to make over 40,000 total journeys (amounting to a little over 120,000km). This has saved Stevenage over 4 tonnes of CO₂e.
- Progressed plans for the new £45Million Sports and Leisure Centre in Stevenage. Designs were shared with the public for feedback in late 2024 and again in early 2025, following an initial survey in 2023. The proposed new centre brings together sports, leisure, swimming facilities and a cafe under one roof.

Throughout the year, 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 Council has been working with Mace Developments since 2017 on proposals to redevelop 11 sites across the town centre, delivering over 1,800 new homes, commercial facilities and public spaces.

The Council has been working with developer Reef Group and UBS on the sale of a surface level car park located at The Forum following planning permission granted for a new life sciences quarter with 450,000 sq. ft commercial space and brings 1,850 jobs to the town.

Political Makeup as at March 2025

At the end of December 2023, 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 2024 election the political makeup was as follows:

- Labour Co-operative Group 32
- Conservative 1
- Liberal Democrats 6

Corporate Priorities and Objectives

The current Corporate Plan, "Making Stevenage Even Better" was approved by Full Council in February 2024 with unanimous support and is now in its implementation phase.

The focus of Making Stevenage Even Better (2024 – 2027) builds upon the success of the previous Future Town Future Council plan, with a focus on 5 strategic priorities and 3 cross-cutting themes:

- Transforming Our Town
- More Social, Affordable and Good Quality Homes
- Thriving Neighbourhoods
- Tackling Climate Change
- Balancing the Budget

The inclusion of the following 3 cross-cutting themes: Equality, Diversity & Inclusion; Health & Wellbeing; and Technology & Innovation raise awareness of important social benefits the Council want to focus on for the next 3 years, they represent the importance we place on effective partnership working and our existing commitments to tackle health inequalities, champion equality and empower residents.



A new corporate performance suite of Key Performance Indicators and Milestones was developed and presented to the Cabinet (was Executive) in preparation for 2024/25. The Cabinet set Making Stevenage Even Better priorities on an annual basis, and performance against these is reviewed quarterly by the Cabinet and the Overview and Scrutiny Committee.

Stevenage Borough Council is making strong progress on its Local Plan. The current partial review of the adopted 2019 Plan is to be submitted later in June for formal examination. It will ensure that our planning policies remain responsive to key challenges such as climate change and the promotion of sustainable, active travel. To support its adoption of the Plan the Council has adopted a revised Local Development Scheme and a Statement of Community Involvement. These updates will ensure the Plan remains fit for purpose—supporting national objectives such as housing delivery—and will ensure the Council's Local Plan will be up to date as we move towards the prospect of local government reorganisation. This work lays a solid foundation for a more comprehensive New Plan in due course.

Housing

The Council has continued to deliver against its strategic priority of delivering more social, affordable and good quality homes.

Since 2014, the council has provided 595 new homes, and therefore met its ambition to deliver 500 new affordable homes by 2025. Stevenage Borough Council is now aiming to provide a total of 1000 homes by 2030.

Progress also continued on the development of new properties, with planning applications submitted on 373 new homes, including the neighbourhood regeneration at The Oval. Alongside these sites 165 homes were under construction during the year including a new independent living scheme for which £10.6 Million of grant funding was secured from Homes England.

This programme is delivering homes, jobs, training and creating confidence in the town, whilst enhancing communities and providing homes to meet our housing need, including those of local vulnerable and elderly residents.

As a committed Registered Social Landlord, the importance of creating vibrant and sustainable communities and neighbourhoods drives the services that we are proud to deliver. We provide homes to 7,972 households and manage a further 1,500 leasehold properties.

Effective and efficient management of these homes and the communities that they create, is central to our Corporate Vision, and to achieve this we actively engage with our residents and are increasingly working with them to enhance and improve the services we deliver.

Tenant Satisfaction Measures (TSM's) and other sector wide performance indicators provided us with insight into our communities and perception of our tenants on how they feel the Council is performing as their landlord.

For last year these measures indicated across-the-board improvement for all areas when compared to last year's results, including a 10.9% increase in overall satisfaction with the Council as their landlord. Satisfaction with the speed of repairs, our response to complaints, management of communal areas, and the contribution to their neighbourhood all show more than 10% year on year increases. Our approach to maintaining homes, how safe residents feel in their homes and overall satisfaction with the repairs service also increased by 8.5%, 6.5% and 8.1% respectively.

This positive feedback from our tenants is a reflection of our continuing programme of investment and improvement, not only in our housing stock but in our approach and delivery of services.

Management data collected as part of our Tenant Satisfaction Measures which focuses on key legal and regulatory requirements achieved 100% for areas of building safety compliance. The delivery of a clear strategic capital investment programme through our Asset Management Strategy has delivered a 42% reduction in the level of non-compliance with the Decent Homes which now stands at just 96.64%. We are currently remodelling our repairs and maintenance service and have already seen the number of emergency repairs completed in timescales rise to 98.9%.

Over the past year, further progress was made with the £45 Million 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 continues to be rolled out in 2025/26 with further phases planned.

The environment in which we as landlord manage our housing stock continues to develop, with an aging household profile, whilst dealing with increasing vulnerabilities amid wider social and economic changes and challenges. The service has therefore to continually evolve and develop to meet the changing environment. For the first time this year Councils who are landlords, have been

subject to a regime of planned inspections by the Regulator of Social Housing against new standards introduced in February 2024.

Stevenage has been one of the first Council landlords in the country to be subject to such an inspection, and this took place over the summer of 2024. Despite the introduction of revised and new regulatory standards being introduced 3 months before the inspection the Council was able to achieve the second highest score ranking of C2. The Regulator in their judgement recognised the positive work that the Council had undertaken in preparing for the new regime, but recognised that some of the improvements that were already underway would take time to embed and progress, and this was reflected in the awarded grade and the Council's Provider Improvement Plan.

In common with all landlords that have been inspected the Council is now working with the Regulator on completing the delivery of key workstreams that have been identified through the inspection and are set out within the improvement plan.

The Council, as a Social Landlord considers housing a key priority, and its focus and commitment have been demonstrated this year through the year-on-year improvement across all areas of the resident satisfaction perception surveys, its robust commitment to ensuring the safety and well-being of residents as shown through strong management data. Finally, the inspection by the Regulator of Social Housing has identified and reviewed the commitment, progress and delivery of services, and has assessed them as being effective and compliant in most areas. But it has also identified the Council's continued commitment to deliver the areas where we have already recognised and started work on improvement and development. This approach and direction is now informing and influencing our journey to achieve a C1 grade from the Regulator.

Industry Awards and Recognition

The council has entered initiatives from different service areas into various awards throughout the 2024/25 financial year. Achievements include:

- Our planning team won the regional award for the Planning Authority of the Year - East of England at the Royal Town Planning Institute (RTPI) East of England Awards for all the great work we have accomplished this past year.
- The Council won the Best Health and Wellbeing Initiative (including Social Care) at the Association for Public Service Excellence (APSE) 2024 awards. Our Leisure and Wellbeing team won the award for the Nightlight Crisis Café, which was set up in partnership with Herts Mind Network. The café offered people who were feeling distressed a person to talk to in a relaxed, non-clinical, non-judgemental setting, and provide immediate support.

Partnership Working

During 2024/25, 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.

The Stevenage Together Partnership met during the year to oversee area-wide responses to key challenges facing the Town, . 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.

As a partnership SoSafe have refreshed the Community Safety Strategy for the next three years. In the past we have built strong relationships and recognise the importance of working together, the Partnership has enjoyed many successes in reducing crime, antisocial behaviour, protecting, and supporting people with vulnerabilities. The nature of crime and anti-social behaviour and the impact upon individuals and our communities, are constantly evolving.

Within the Strategy there is an increased focus on violence and anti-social behaviour, setting out what we will do to tackle this in recognition of the level of harm and fear that these can bring to communities. This reflects the national focus on serious violence and anti-social behaviour as outlined in the government's ASB Action Plan and in the measures around serious violence set out in the Police, Crime, Sentencing and Courts Act.

This Strategy will ensure that the SoSafe Community Safety Partnership utilises its resources in the most effective manner possible to deliver meaningful crime reduction outcomes. SoSafe has introduced initiatives that support people in the town making best use of partners' resources and targeting them effectively. This includes.

- Highlight the risks to the community of drug possession and crime.
- Provide safe reporting and support to victims of Violence Against Women and Girls, including Domestic abuse.
- Promote awareness of Cuckooing and the support available to victims.
- Divert individuals from becoming involved in Anti-Social Behaviour.
- Collaborate with Partners and Young People regarding the risks around County Lines and associated Anti-Social Behaviour.
- Raise awareness around online fraud and the warning signs to the community.

The cost of living and household debt continues to have an impact of those living in the town and we have seen referrals to the Welfare Debt & Advice team increase significantly. There has also been an increase in the number of customers that require essential food items, this has included store cupboard items, toiletries and fresh bread all of which are donated locally.

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.

Through its own Climate Change Strategy (2020) the Council is committed to achieving net zero by 2030.

Climate actions include:

- Transitioned our entire diesel fleet, including road and non-road vehicles and machinery, to Hydrotreated Vegetable Oil (HVO), a low-carbon biofuel made from waste vegetable oil. This switch reduced the net carbon emissions of our fleet by up to 90% and required no vehicle modifications.
- Adopted the new Stevenage Biodiversity Action Plan (2024-2028) in October 2024 as a strategic framework to guide local efforts to protect and enhance biodiversity through targeted actions across the borough.
- Secured a Warm Homes: Local Grant (WHLG) funding of £1,500,000 to provide energy performance upgrades and low carbon heating to privately owned households with low incomes. This grant will be delivered from 2025 until 2028.
- Installed EV charging infrastructure at Bedwell Shops, the Glebe Shops, Oaks Cross Shops, The Hyde Shops, St Nicholas Pavilion, Archer Road Shops, and Filey Close Shops using ORCS funding from OZEV.
- Delivered retrofit works through the Social Housing Decarbonisation Fund Wave 2, improving the energy efficiency of 237 properties including flat blocks and houses to at best an EPC Band C or above.
- Bid submitted and notification of successful allocation for Warm Homes: Social Housing fund Wave 3, with a grant amount of £3,856,822 allocated to SBC.

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 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 2024/25 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.

Tom Pike

Chief Executive

XX February 2026

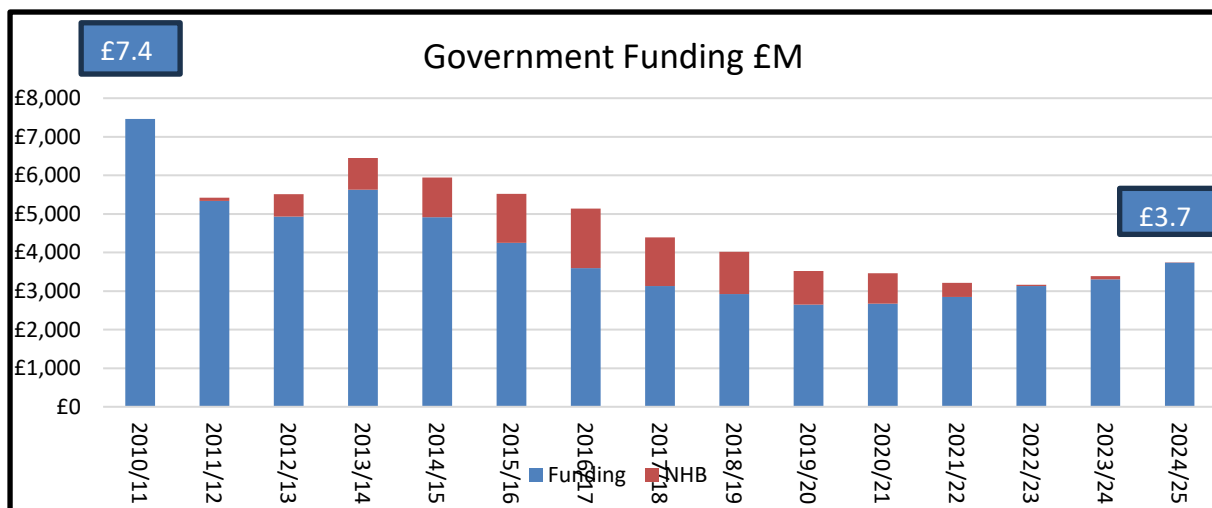
Narrative Statement

Operational Model - Financial Context

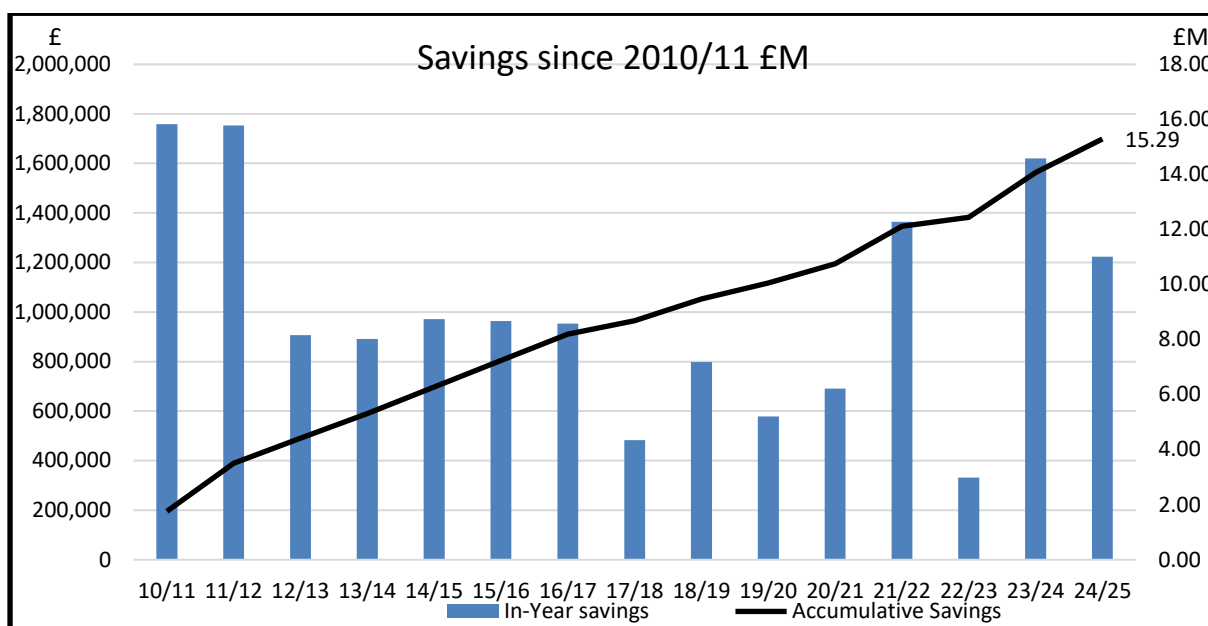
Local government has faced significant funding cuts since 2010, which has seen successive governments reduce financial support to all parts of the public sector, with lower tier authorities such as Stevenage Borough Council receiving a significant proportion of that reduction.

In 2024 the British Broadcasting Company (BBC) reported on its website about an Institute for Fiscal Studies (IFS) Local Government report, which showed that Councils funding was still down by 18% when compared to 2010.

At a local Council level Stevenage's 2010/11 government funding adjusted for subsequent changes for council tax support etc is £3.72Million for 2024/25 after 14 years and before consideration of a 10% population growth and 14 years of compound inflationary pressures.



Despite the significant financial pressures faced since 2010/11, the Council has consistently identified and delivered permanent savings to reduce its overall financial footprint. To date, it has achieved £15 million in savings through its key priority, 'Balancing the Budget,' as illustrated in the chart below.



On 18 December 2023, the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC) released a written statement to Parliament on the provisional local government finance settlement 2024/25. The settlement was for one year (for the 6th year running) and was based on the Spending Review 2023 (SR23) funding levels. The National Core Spending Power (CSP) figures show an increase 7.5%, The National Audit Office (NAO) have published data that shows Stevenage's Core Spending Power (CSP) has reduced by 64.5% in real terms (2019/20 prices) when comparing 2010/11 to 2020/21).

Demand for a range of important services, such as housing support and homelessness prevention, is continuing to rise and income from fees and charges remains below pre-pandemic levels. These 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

¹The 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 2024/25 and the General Fund MTFS was approved by Council on 21 February 2024. The HRA Revenue Account (HRA) Budget was agreed by Council on 24 January 2024.

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.

¹ GF MTFS Update to Executive 2024/25 - 2028/29 - 18 September 2024

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:

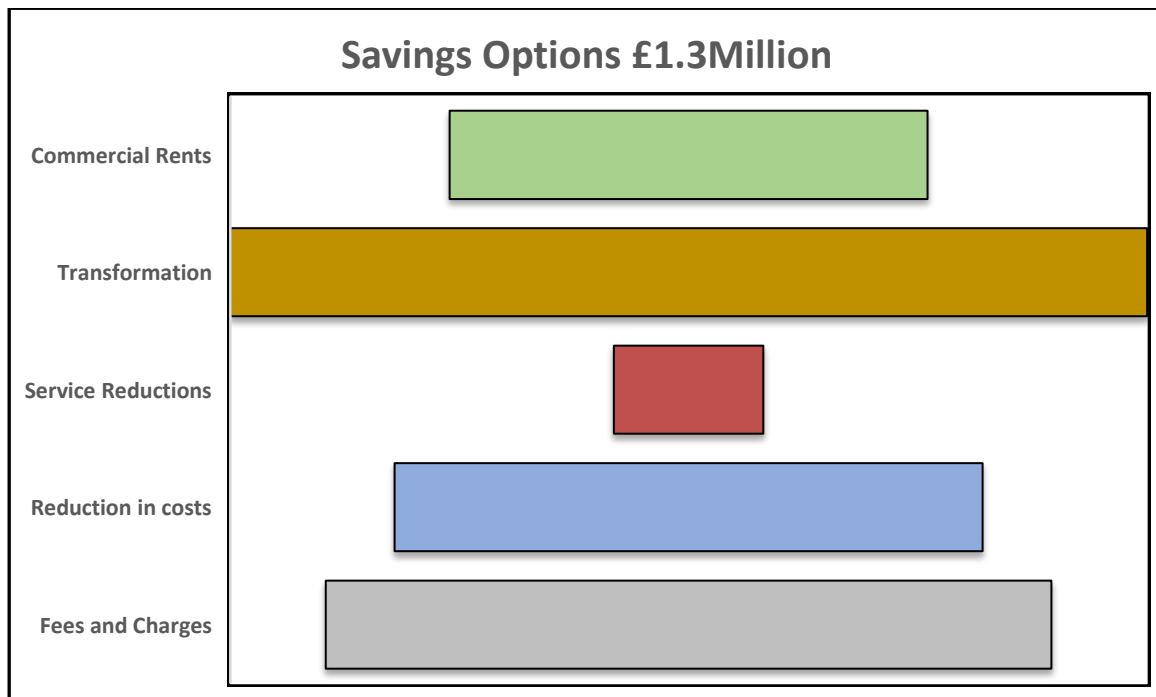
- Ensure the financial resilience of the General Fund that any net funding gap is reduced by 2027/28.
- Consider as part of the budget setting process, and throughout the year as necessary, what support can be given to the community, tenants, leaseholders and businesses in times of particular hardship.
- Maximise the Council's income by promptly raising all monies due and minimising the levels of arrears and debt write-offs.
- Identify alternative means of resourcing the Capital Strategy to minimise the impact of borrowing (GF only).
- Risk assess the level of General Fund balances for overspends, specific known risks, loss of savings & risks associated with new ventures and the cost of borrowing for the capital programme is included.
- Identify variations to the approved budget via quarterly monitoring and only incur additional on-going spending when matched by increased income or identified savings.
- Propose Council tax increases in line with the Government's annual thresholds for modelling purposes to ensure that the General Fund core resources are sufficient to meet the cost of running the Council's services.

2024/25 Financial Position

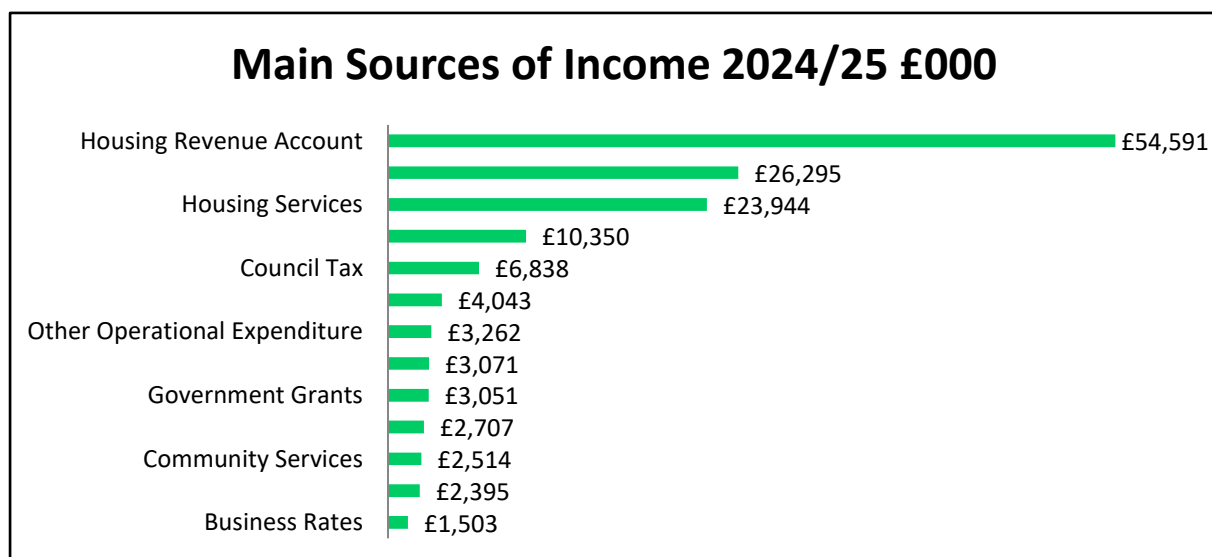
Savings

Savings delivery has become a key part of setting a balanced budget and ensuring the Council is financially sustainable.

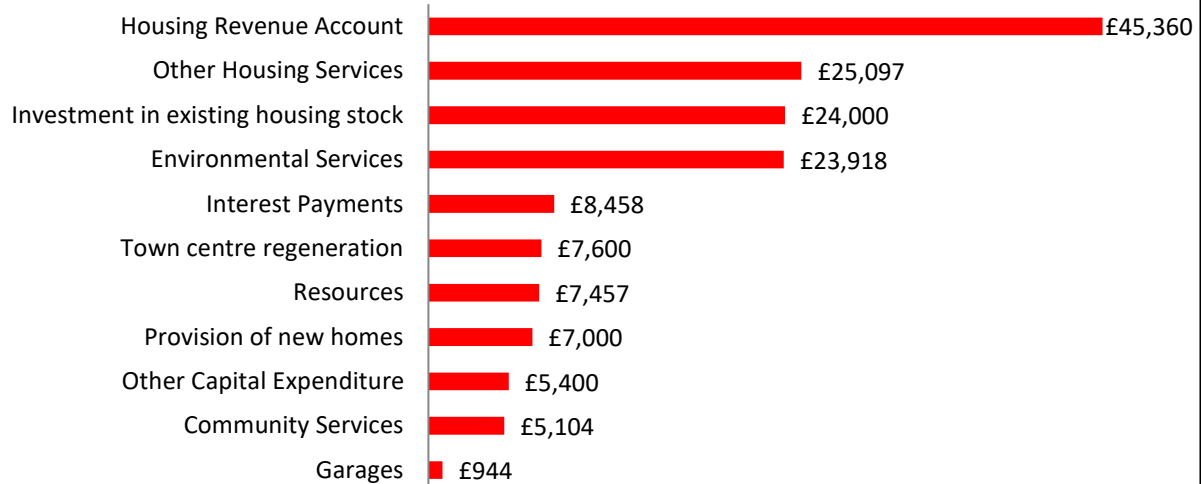
The budget for 2024/25 included growth pressure of £2.15Million, of which £1.4Million related to inflation and £0.3Million to a reduction in car parking revenue. Savings options of £1.3Million were approved by council 21 February 2024 for the forthcoming year.



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.



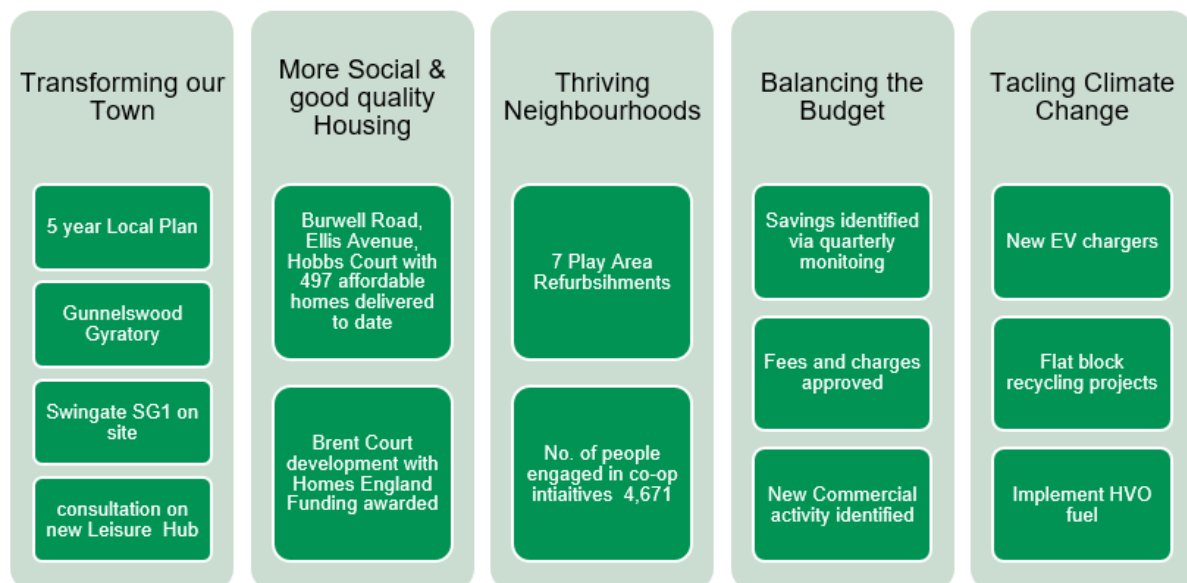
Main Areas of Expenditure 2024/25 £000



Service Delivery Achievements

In February 2024, the Council approved the ambitious Making Stevenage Even Better (MSEB) Corporate Plan. To ensure the successful delivery of both frontline services and MSEB priorities, a robust budget review and setting process is essential. The revenue and capital budgets serve as the primary tools for delivering core services and achieving the objectives outlined in the Corporate Plan.

A summary of some of the service and MSEB priority activities which have been delivered as a result of the budget setting activity for 2024/25 is set out below:



Risk and Opportunities

The Making Stevenage Even Better (MSEB) programme is ambitious, which introduces a degree 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 MSEB 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. While not all performance measures are currently on target, the Council has implemented plans to address these gaps and remains committed to continuous improvement

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
Anticipated savings 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
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	Medium	Medium
NEW Council Tax collection rates remain lower and the taxbase is reduced	The trend has been towards lower collection rates and this could mean the amount included in the taxbase will need to increase for bad debt. The CFO is tracking trends across other Herts Councils and looking at measures to reduce arrears	High	Medium
Localisation of Business Rates (Potential Negative) – A major employer leaves	Negative: The safety net means a maximum loss in year of £190K which the council has included in an allocated	Medium	Medium

Risk Area	Risk Mitigation	Likelihood	Impact
the town and impacts the business rate yield due to the Council	reserve. On-going this would impact on the savings target and ultimately services.		
Loss of Business Rates due to Companies going into administration	As above.	Medium	Medium
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. There are still appeals outstanding on the 2017 list and the revaluation for 2023 has seen an increase in business rates which inevitably will lead to an increase in appeals for the new list.	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. UC rollout has increased in 2024/25 with 5% of the Housing Benefit caseload reducing between April and August 2024.	Medium	High
pay inflation pressures 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 3.5% pay award for 2024/25 (was 3%) and 3% for 2025/26 based on lower inflation projections, however this remains a significant risk for an insourcing Council. However, it reduces the risk to inflationary pressures on external contracts	Medium	High
Utility inflation pressures increase	General balances are risk assessed to ensure overall levels are maintained that can meet higher than expected inflation rates. The 1 st Quarter monitoring report identifies a reducing in utilities, however the domestic price cap will be increasing by 10% October 2024. The inflation projections for 2025/26 are modelled at 5%. However this remains a risk for the Council.	Medium	High
Recession risk due to high inflation	General balances are risk assessed to ensure overall levels are maintained that meet an in-year short fall in income and higher costs. In addition the Council has an income equalisation reserve to mitigate against fluctuating income levels.	Medium	High
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

Risk Area	Risk Mitigation	Likelihood	Impact
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
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. The Council has identified NDR reserves to support the holding costs associated with the Swingate site in conjunction with Mace.	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. But the Council has an income equalisation reserve to meet in year losses and an assumption is also contained within the minimum level of balances to meet an in year loss.	High	High
Homeless Bed and Breakfast costs increase	The actual spend was £5K for 2024/25 with £21K spent up the 23 August 2024 which is within the £80K budget.	Medium	Medium
New Labour Government Funding model for Councils reducing more than the MTFS	The MTFS assumes no service grant or 3% guarantee funding for 2025/26 based on the previous governments funding envelope. In addition only a 1.99% council tax increase has been assumed.	Medium	Medium

Strategy and Resource Allocation

Balancing the Budget is one of the Council's key priorities, aimed at maintaining financial resilience while delivering on service commitments and strategic ambitions across both the General Fund and the HRA. Balancing the budget consists of four main streams. The graphic below sets out the process for 2024/25 onwards.



Transformation by improving customer access to services through digital means and improving and streamlining 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 efficiencies 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 MTFS and is the enabler to delivering our MTFS objectives and our MSEB priorities

Financial Performance

General Fund 2024/25 Outturn Position

The 2024/25 actual General Fund net expenditure was £573K lower than the revised working budget. A summary of the working budget versus outturn is shown below.

General Fund Outturn Position £000	2024/25 Latest Budget	2024/25 Outturn	Variance
Services Net Expenditure	12,219	11,791	(428)
Core Resources	(12,849)	(12,994)	(146)
General Fund Outturn Position	(629)	(1,203)	(573)
Balance Brought Forward	(5,303)	(5,303)	0
Use of balances	(629)	(1,203)	(573)
Balance Carried Forward	(5,932)	(6,506)	(573)

The 2024/25 actual Services Net Expenditure on the General Fund was £11.8Million, compared to a budget of £12.2Million. The in-year underspend (before the consideration of any carry forward requests) was £427K, (with a further £146K increase in core resources relating to business rates). Part of the underspend relates to £262K of timing delays/commitments to be spent in 2025/26.

A high-level summary of the over and underspends split by the cost categories are shown in the table below:

£000	Over / (underspend)	Timing delays	Total
Employees	311	-	311
Premises	(82)	-	(82)
Supplies & Services	(318)	-	(318)
Income	(376)	-	(376)
Use of reserves	280	-	280
Timing delays	(126)	(136)	(262)
Funding capital	19	-	19
Total	(292)	(136)	(428)

General Fund Reserves

The latest General Fund year end position compared to the prior year and the 2024/25 Original Budget are summarised below.

General fund balances £000	2023/24 Actual	2024/25 Actual	2024/25 Latest budget
Opening balance	5,954	5,303	5,303
In year contribution to/(from) reserves	(651)	1,203	629
Closing balance	5,303	6,506	5,932
Earmarked reserves	8,758	11,030	10,726

The planned transfer into reserves of £0.629Million in the working budget would have increased the General Fund Balances to £5.932Million at 31 March 2025. In the event, the actual position was a £1.203Million, transfer into reserves so that General Fund Reserve totalled £6.506Million at year-end.

Housing Revenue Account (HRA) 2024/25 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 £207k (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	2024/25 Budget	2024/25 Outturn	Variance
HRA Balance Brought Forward	(10,585)	(10,585)	-
In Year (Surplus) / Deficit	(207)	(341)	134
HRA Balance Carried Forward	(10,792)	(10,926)	134

The 2024/25 actual HRA net surplus was £134K lower than the working budgeted surplus.

In April 2012 the Government removed a centralised subsidy system, where calculated surpluses were pooled nationally, and the HRA became self-financing, with deficits and surpluses managed at a local level. As part of the self-financing settlement the HRA took loans totalling £196.911Million, an amount determined by and payable to The Secretary of State, and the cost of servicing this debt is included in the surplus position shown in the above table. The HRA was also subject to a borrowing cap, but this was lifted in 2018/19 by the government and has allowed further borrowing to support investment in current and new housing stock. 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 2024/25 included:

- HRA services underwent their first external inspection from the Regulator of Social Housing and secured the second higher C2 rating. A detailed action plan is now being followed in order to attempt to gain a C1 rating from the next inspection.
- A total of 92 new properties were added to the Council's housing stock in the year. This included the completion and letting of an 88 unit independent living facility that has been successfully commissioned. This has enabled clients to move into modern, suitably sized accommodation, freeing up larger homes for those in need.
- During the year the Council were successful in securing over £7Million of grant towards a large redevelopment site at the Oval neighbourhood centre. Work on this site will commence in the coming year and will provide a mix of homes and community facilities, as part of the development.

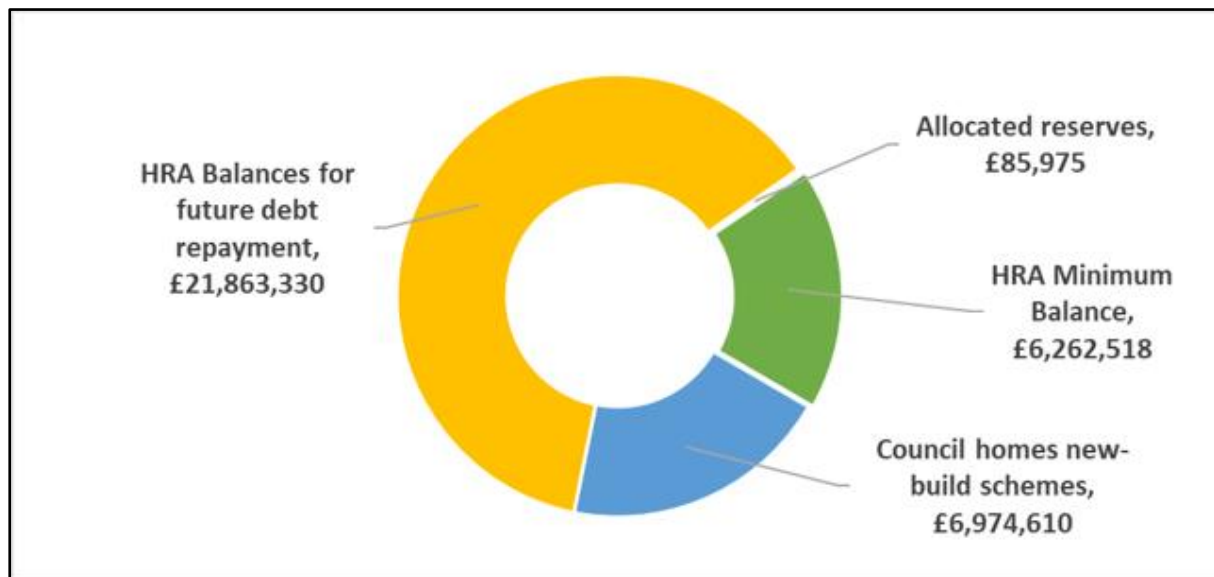
During the financial year 2024/25, 34 council homes were sold under the Right to Buy scheme and the Council's closing stock of council homes at 31 March 2025 was 7,976 (7,919 properties at 31 March 2024).

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 £31.26Million, of which £17.2Million is available predominantly for the purpose of repaying debt and £3.541Million is to provide resilience against interest rate fluctuations and to support the Council's transformation programme.

As with the General Fund a risk assessment is undertaken on the HRA to determine the minimum level of balances required each year. The current risk assessed identified HRA balances of £6.26Million was updated as part of the 2025/26 budget setting process in December 2025. This

recognised key operational risks, as well as financing risks relating to the current debt of £246Million and any planned borrowing.



The HRA also holds specified reserves for the replacement of sold Council houses through the Right to Buy scheme of £6.97Million (restricted use).

HRA general balances were higher than the risk assessed minimum requirement for 2024/25, but these will be required to meet future debt repayments, as detailed above. The HRA is also subject to significant financial risks including:

- Impact from new legislation on tenant satisfaction and building safety and the new regulatory regime for Local Authority social housing.
- 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.
- The costs associated with de-carbonisation and climate change.

Usable Reserves

As at the 31 March 2025 the Council had total usable reserves of £94Million. Of this £90Million (96%) is earmarked or ring-fenced as below:

- Capital - £48Million, the Capital Receipts Reserve (£15Million) and Capital Grants Unapplied Reserve (£33Million) are statutory reserves and can only be used for specific purposes.
- HRA (including Major repairs reserve and Minimum reserves balance) - £28Million

- General Fund earmarked reserves - £11Million
- Minimum reserves balance (General Fund) - £3.4Million ²

Borrowing and Capital

As at the 31 March 2025, the Council had external PWLB borrowing of £248Million (£235Million at 31 March 2024). 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 spent £44Million on its capital programme in 2024/25; this included £24Million on its existing housing stock, £7Million on providing new homes, £7.6Million on town centre Regeneration and £6Million on other General Fund and HRA capital projects.

The Council funded £10Million of its capital programme from the sale of assets, (land and council house sales), which equates to 23%, (17% 2023/24) of the total funding. Grants and 3rd party payments made up £7Million of funding (17%) in 2024/25. Contributions from the Major Repairs Reserve (MRR) totalled £19.3Million (43%). 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 2025, the pension liability is £22Million which is an increase of £2Million from £18Million at 31 March 2024.

Outlook

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. The Government conducted a consultation on Local authority funding reform which closed on 12 February 2025. This recognised that ³“The link between funding for local authorities and need for services has broken down”. The consultation was comprehensive and included:

- Council tax charges and value for tax payers

² Council Tax and General Fund Report 2024-25

³ Local authority funding reform: objectives and principles Published 18 December 2024 - MHCLG

- Local decision making - English Devolution
- Resetting business rates retention schemes
- Allocation of funding nationally
- Smoothing of changes to settlement allocations

There is expected to be further technical consultations arising from the responses and outcomes will be known in due course.

The English Devolution White Paper - published 16 December 2024 (MHCLG), set out plans to “widen and deepen devolution across England, providing mayors with unprecedented powers and funding and hardwiring them into the way government works. It also outlines how the government will rebuild and reform local government, as the foundation for devolution, reset the relationship between central and local government, and give communities stronger tools to shape the future of their local areas, while improving accountability and building capacity across the local government sector”

For Stevenage and Hertfordshire, government formally invited local authorities to submit devolution proposals by November 2025 and the negotiations between Hertfordshire authorities are ongoing as to the preferred model. This is a highly complex proposal by government that may take a number of years to deliver.

This uncertainty makes medium term financial planning more challenging, coupled with the ongoing effects associated with the cost-of-living crisis and the latent impacts on income of the Covid-19 pandemic and how the Council continues to recover economically. The Council’s strategy is to deliver on the MSEB priorities and strategies in the intervening years.

The Council has taken significant steps over recent years to balance its budget and the current projections show that the on-going balanced budget will be achieved by 2027/28 ensuring inflationary pressures are matched by increases in fees and income or reductions in expenditure. However, this relies on a significant savings target being achieved and inflation remaining reduced in the medium term and government funding in line with that projected in the MTFS.

The Council’s Transformation programme (as reported to Cabinet in September 2024) is considered a key strategy for preserving as many services as possible. This will be achieved by reducing the Council’s financial footprint through increased provision of online services, thereby generating efficiency gains. This approach is considered preferable to implementing annual service efficiencies to address the funding gap, although some level of year-on-year savings is still likely to be necessary. The current programme is being reviewed with the advent of LGR to improve service delivery while delivering on the need to reduce costs.

Furthermore, to ensure the Council can continue to function and deliver essential services, it is necessary to review both its service offerings and asset base. This will help the Council withstand

ongoing inflationary and unfunded pressures during this period of financial uncertainty in local government.

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 2024/25 therefore consolidate Queensway Properties (Stevenage) LLP, Marshgate Ltd. and 50% of Swingate Developments LLP.

Explanation of Accounting Statements

This Statement of Accounts for the year ended 31st March 2025 has been prepared and published in accordance with the Code of Practice on Local Authority Accounting 2024/25, 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 2024. 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 **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 2025. 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 2025 and its Comprehensive Income and Expenditure Statement for the year ended 31 March 2025.

Clare Fletcher

Strategic Director (Chief Financial Officer)
XX February 2026

Chair Audit Committee
XX February 2026

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Statement of Accounts 2024/25

Comprehensive Income & Expenditure Statement for the year ended 31 March 2025

2023/24 Gross expenditure	2023/24 Gross income	2023/24 Net expenditure (restated)	Comprehensive income and expenditure statement £000	Note	2024/25 Gross expenditure	2024/25 Gross income	2024/25 Net expenditure
5,476	(2,369)	3,107	Community Services		5,104	(2,514)	2,590
25,163	(23,483)	1,680	Housing Services		25,097	(23,944)	1,153
25,831	(9,323)	16,508	Environmental Services		23,198	(10,350)	12,848
61	0	61	Local Community Budgets		60	0	60
10,535	(9,207)	1,328	Resources		7,457	(9,408)	(1,951)
3,406	(2,324)	1,082	Resources - Support		3,314	(2,395)	919
42,074	(50,232)	(8,158)	Housing Revenue Account		45,360	(54,591)	(9,231)
112,546	(96,938)	15,608	Cost of Services		109,590	(103,202)	6,388
		5,593	Other Operational Expenditure	6			(3,262)
		1,955	Financing & Investment Income and Expenditure	7			211
		(26,603)	Taxation & Non-Specific Grant Income and Expenditure	8			(37,212)
		(3,447)	(Surplus) or Deficit on Provision of Services				(33,875)
		9,708 ⁴	(Surplus) or Deficit on revaluation of Property, Plant and Equipment assets				3,782
		17,876	Remeasurement of the net defined benefit liability / (asset)	29			6,423
		27,584	Other Comprehensive Income and Expenditure				10,205
		24,137	Total Comprehensive Income and Expenditure				(23,670)

⁴ The balance of PPE in 2023/24 has been reduced by £2,484k as a result of an asset re-classification, The impact on the CIES is an increases in the revaluation charge to the (Surplus) or Deficit on revaluation of Property, Plant and Equipment assets of £2,484k

Movement in Reserves Statement

Movements in Reserves during 2024/25 £000	General Fund Balance	HRA	Earmarked General Fund Reserves	Earmarked HRA Reserve	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
Balance at 1 April 2024 (restated)	(5,303)	(10,584)	(8,758)	(20,741)	(5,956)	(13,037)	(15,007)	(79,385)	(587,675)	(667,060)
Movement in Reserves during 2024/25	-	-	-	-	-	-	-	-	-	-
Total comprehensive income and expenditure	(20,101)	(13,774)	-	-	-	-	-	(33,875)	10,205	(23,670)
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 12)	16,626	16,887	-	-	5,956	(2,339)	(18,005)	19,125	(19,125)	-
Transfer to/from Reserves	2,272	(3,455)	(2,272)	3,455	-	-	-	-	-	-
(Increase)/Decrease in Year 2024/25	(1,202)	(342)	(2,272)	3,455	5,956	(2,339)	(18,005)	(14,750)	(8,920)	(23,670)
Balance at 31 March 2025 Carried Forward	(6,506)	(10,926)	(11,030)	(17,286)	-	(15,376)	(33,011)	(94,135)	(596,595)	(690,730)

Movement in Reserves Statement (continued) re-stated

Movements in reserves during 2023/24 £000	General fund	HRA	Earmarked general fund reserves	Earmarked HRA Reserve	Major repairs reserve	Capital receipts	Capital grants unapplied	Total usable reserves	Unusable reserves (Re-stated) ⁵	Total council reserves (Re-stated)
Balance at 1 April 2023	(5,954)	(10,519)	(5,556)	(20,831)	(11,498)	(14,448)	(6,272)	(75,078)	(616,120)	(691,198)
Movement in reserves during 2023/24										
Total Comprehensive Expenditure and Income	2,749	(6,195)	-	-	-	-	-	(3,447)	27,584	24,137
Adjustments between accounting basis and funding basis under Regulations (Note 12)	(5,299)	6,219	-	-	5,543	1,411	(8,735)	(861)	861	-
Transfer to/from reserves	3,202	(90)	(3,202)	90	-	-	-	-	-	-
(Increase)/decrease in year 2023/24	651	(66)	(3,202)	90	5,543	1,411	(8,735)	(4,308)	28,445	24,139
Balance at 31 March 2024 carried forward	(5,303)	(10,584)	(8,758)	(20,741)	(5,955)	(13,037)	(15,007)	(79,385)	(587,675)	(667,060)

⁵ Charge to the revaluation reserve has been increased by £2,484k as a result of an asset re-classification change in 2023/24.

Balance Sheet

31/03/2024 (re-stated) £000		Note	31/03/2025 £000
876,204 ⁶	Property, Plant & Equipment	17	887,933
417	Heritage Assets	16	384
29,392 ⁷	Investment property	18	36,098
886	Intangible Assets	19	724
10	Long Term Investment	22	2,278
3,249	Long Term Debtors	24	280
21,994	Long Term Debtor - Queensway	24	19,523
932,152	Total Long-Term Assets		947,220
24,800	Short Term Investments	22	27,000
1,325 ⁸	Assets Held for Sale	27	0
143	Inventories		119
20,521	Short Term Debtors	24	27,698
1,509	Cash and Cash Equivalents	25	17,195
48,298	Current Assets		72,012
(422)	Short Term Borrowing	22	(1,039)
(23,236)	Short Term Creditors	26	(23,164)
(4,361)	Provisions	28	(3,410)
(28,019)	Current Liabilities		(27,613)
(16,206)	Queensway Finance Lease	22	(15,933)
(8,188)	Long term creditors	26	(8,386)
(234,987)	Long term borrowing	22	(247,436)
(5,788)	Long term borrowing (Queensway)	22	(5,690)
(19,835)	Pension Liability	29	(22,245)
(366)	Grants Receipts in Adv - Capital	26	(1,199)
(285,370)	Long Term Liabilities		(300,889)
667,060	Net Assets		690,730
(5,303)	General Fund		(6,506)
(10,584)	HRA Fund		(10,926)
(8,758)	Earmarked General Fund Reserves	13	(11,030)
(20,741)	Earmarked HRA Reserve	13	(17,286)
(33,999)	Other Usable Reserves		(48,387)
(79,385)	Total Usable Reserves		(94,135)
(587,675)	Unusable Reserves	15	(596,595)
(667,060)	Total Reserves		(690,730)

These financial statements are authorised by Clare Fletcher – Strategic Director (Chief Financial Officer) **XX February 2026**.

Clare Fletcher

⁶ PPE and Unusable reserves have been reduced by £2,484k as a result of an asset re-classification.

⁷ An asset has been transferred to Investment property from assets held for sale, resulting in a change of £2,013k in both categories.

⁸ As note 7

Cash Flow Statement for the year ended 31 March 2025

2023/24 £000		Notes	2024/25 £000
(3,447)	Net (Surplus) or Deficit on the Provision of Services		(33,875)
(16,229)	Adjustments to Net (Surplus) or Deficit on the provision of Services for Non-Cash Movements		(15,393)
22,371	Adjustments for items in the Net (Surplus) or Deficit on the Provision of Services that are Investing or Financing Activities		38,077
2,695	Net cash flows from Operating Activities	30	(11,191)
12,814	Investing Activities	31	8,200
(7,310)	Financing Activities	31	(12,695)
8,199	Net (Increase) or Decrease in Cash and Cash Equivalents		(15,686)
9,708	Cash and cash equivalents at the beginning of the period		1,509
1,509	Cash and Cash Equivalents at the End of Period	25	17,195

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 £44Million on its capital programme in 2024/25; this included £24Million on its existing housing stock, £7Million on providing new homes, £7.6Million on town centre Regeneration and £6Million on other General Fund and HRA capital projects.

3. Events after the Reporting Period

The statement of accounts was authorised for issue by the strategic director of finance on XX February 2026. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

4. Expenditure and Funding Analysis

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

2023/24 Net expenditure chargeable to General Fund and HRA balances (restated)	2023/24 Adjustments (See note a) (restated)	2023/24 Net Expenditure in the CIES (restated)	£000	2024/25 Net expenditure chargeable to General Fund and HRA balances	2024/25 Adjustments (See note a)	2024/25 Net Expenditure in the CIES
2,389	718	3,107	Community Services	2,506	84	2,590
1,732	(52)	1,680	Housing Services	1,223	(70)	1,153
8,222	8,286	16,508	Environmental Services	7,644	5,204	12,848
61	-	61	Local Community Budgets	60	-	60
(301)	1,629	1,328	Resources	(372)	(1,579)	(1,951)
931	151	1,082	Resources - Support	924	(5)	919
(7,804)	(354)	(8,158)	Housing Revenue Account	(7,708)	(1,523)	(9,231)
5,230	10,378	15,608	Net Cost of Services	4,277	2,111	6,388
9,121	9,934	19,055	Other Income and Expenditure ⁹	(8,776)	(31,487)	(40,263)
(3,891)	444	(3,447)	(Surplus) or Deficit on Provision of Services	(4,499)	(29,376)	(33,875)
(16,473)			Opening General Fund and HRA balance	(15,887)		
(3,891)			Less / plus surplus or (deficit) on General Fund and HRA balance in Year	(4,499)		
1,365			Other Adjustments non-CIES	4,138		
3,112			Transfer to / (from) Earmarked Reserves	(1,183)		
(15,887)			Closing General Fund and HRA balance at 31 March	(17,432)		

⁹ Format updated in 2024/25. Values in 2023/24 - Other Operational Expenditure £5593k, Financing & Investment Income and Expenditure £1,955k and Taxation & Non-Specific Grant and Income : Other £(26,603) are now combined into Other Income and Expenditure £(19,055k).

4.1 Note to the Expenditure and Funding Analysis

2023/24 Adjustments for Capital Purposes (a) (restated)	2023/24 Net Change for Pensions Adjustmen ts (b) (restated)	2023/24 Other Differenc es (c)(restat ed)	2023/24 Total (restated)	£000	2024/25 Adjustments for Capital Purposes (a)	2024/25 Net Change for Pensions Adjustments (b)	2024/25 Other Differenc es (c)	2024/25 Total
804	(86)	-	718	Community Services	186	(101)	-	85
5	(57)	-	(52)	Housing Services	5	(75)	-	(70)
8,626	(340)	-	8,286	Environmental Services	5,673	(469)	-	5,204
-	-	-	-	Local Community Budgets	-	-	-	-
1,650	(21)	-	1,629	Resources	349	(1,928)	-	(1,579)
456	(305)	-	151	Resources - Support	433	(438)	-	(5)
-	(354)	-	(354)	Housing Revenue Account		(1,523)	-	(1,523)
11,541	(1,163)	-	10,378	Net Cost of Services	6,646	(4,534)	-	2,112
(12,170)	115	2,121	(9,934)	Other income and expenditure from the expenditure and funding analysis	(35,537)	521	3,529	(31,487)
(629)	(1,048)	2,121	444	Difference between General Fund surplus or deficit and CIES surplus or deficit on the provision of services	(28,892)	(4,013)	3,529	(29,376)

- 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) adjustments** 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:

2023/24 £000		2024/25 £000
	Income	-
(33,145)	Fees, charges and other service income	(34,214)
(43,994)	Housing Rents	(48,097)
(3,068)	Interest and Investment Income	(3,071)
(27,154)	Income from Council Tax & Non-Domestic Rates (before tariff)	(27,386)
627	NNDR Share of deficit/(surplus)	(838)
-	(Gain)/Loss on the Disposal of Assets	(3,263)
-	(Gain)/ Loss on the Revaluation of assets	(4,486)
(27,745)	Revenue Government Grants and Contributions	(27,518)
(15,175)	Capital Grants and Contributions	(25,421)
(149,654)	Total Income	(174,294)
	Expenditure	-
36,634	Employee Benefits Expenses	35,156
35,934	Other Services and Support Recharges Expenses	36,762
17,098	Depreciation, Amortisation, and Revaluations	16,416
5,593	(Gain)/Loss on the Disposal of Assets	-
3,204	(Gain)/ Loss on the Revaluation of assets	-
7,666	Interest Payments	8,984
18,509	NNDR Tariff and Levy	19,883
21,569	Rent Rebates and Allowances	21,059
-	Credit loss allowance	2,158
146,207	Total Expenditure	140,419
(3,447)	Surplus/Deficit on the Provision of Services	(33,875)

6. 2Other Operating Expenditure

2023/24 £000		2024/25 £000
5,593	(Gains)/losses on the disposal of non-current assets	(3,262)
5,593	Total	(3,262)

7. Financing and Investment Income and Expenditure

2023/24 £000		2024/25 £000
7,666	Interest payable & similar charges	8,458
115	Net interest on the net defined benefit liability (asset)	526
(3,068)	Interest receivable & similar income	(3,071)
(2,956)	Income and expenditure in relation to investment properties and changes in their fair value	(8,057)
-	Impairment charge for lease receivable	2,100
-	Impairment charge for loan	58
198	Other investment income and expenditure (indoor Market)	197
1,955	Total	211

8. Taxation and Non Specific and Specific Grant Income

2023/24 £000		2024/25 £000
	Grants, contributions credited to taxation and non- specific grant income	-
6,587	Council Tax income	6,838
1,431	Non-domestic rates income and expenditure	1,503
2,654	Other Government Grants	3,450
10,672	Non-ringfenced government grants	11,791
15,931	Capital grants and contributions	25,421
26,603	Total grants, contributions credited to taxation and non-specific grant income	37,212
	Credited to services	-
20,835	Housing Benefit Subsidy and administration grants	20,791
1,901	Other Housing and homelessness grants and contributions	1,405
247	UK Shared Prosperity	525
638	Other	1,348
23,621	Total grants, contributions credited to services	24,069

9. Members Allowances

Total expenditure on Members' allowances (including expenses), as made under the Local Authorities (Members' Allowances) Regulations 2003, was £509,465 in 2024/25 (£506,276 in 2023/24).

Payments made outside the scheme for Mayoral Allowances totalled £19,625 in 2024/25 (£18,333 in 2023/24).

10. Officers Remuneration

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

	Salary, Fees and Allowances £	Expenses Allowance £	Pension Contributions £	Total Remuneration Inc. Pension Contributions £
Remuneration 2024/25	-	-	-	-
Chief Executive	144,887	550	38,132	183,569
Strategic Director and Deputy Chief Executive	114,919	139	28,615	143,673
Strategic Director (s151 Officer)	112,216	9	27,942	140,167
Strategic Director	104,472	300	26,014	130,785
Total remuneration in 2024/25	476,495	997	120,703	598,194
Remuneration 2023/24				
Chief Executive	133,430	374	34,321	168,125
Strategic Director and Deputy Chief Executive	112,116	202	27,917	140,235
Strategic Director (s151 Officer)	109,480	92	27,260	136,832
Strategic Director	101,924	22	25,379	127,325
Total remuneration in 2023/24	456,950	690	114,877	572,517

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 2023/24	Number of employees 2024/25
£50,000 - £54,999	27	40
£55,000 - £59,999	21	25
£60,000 - £64,999	13	9
£65,000 - £69,999	4	10
£70,000 - £74,999	3	2
£75,000 - £79,999	2	2
£80,000 - £84,999	-	1
£85,000 - £89,999	7	3
£90,000 - £94,999	-	3
Total	77	95

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.

2024/25 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	2	-	2	13,286
£40,000 - £49,999	-	-	-	-
£50,000 - £149,999	-	-	-	-
Total	2	-	2	13,286

2023/24 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	57,548
£40,000 - £49,999	1	-	1	47,669
£50,000 - £149,999	2	-	2	243,861
Total	7	-	7	349,078

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 2024/25 financial year are shown in the table below. The appointed auditor for 2024/25 is Azets Audit Services Ltd.

2023/24 £000	Fees Payable	2024/25 £000
231	Fees payable to the External Auditor (Azets) with regard to external audit services conducted by the appointed auditor for the year.	246
28	Fees payable to External Auditor for other services provided for the year.	43
259	Total	289

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.

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.

2024/25 Adjustments between accounting basis and funding basis under regulations £000	Usable reserves general fund balance	Usable reserves housing revenue account	Usable reserves capital receipts reserve	Usable reserves major repairs reserve	Usable reserves capital grants unapplied	Unusable reserves
Adjustments to the revenue resources: <i>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</i>						
Pensions costs (transferred to / from the pensions reserve)	3,604	409				(4,013)
Council tax and NDR (transfers to or from collection fund adjustment account)	(1,371)					1,371
Holiday pay (transferred to the accumulated absences reserve)	-	-				-
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):	(8,127)	(16,078)				24,205
Total adjustment to revenue resources	(5,894)	(15,669)	-	-	-	21,563
Adjustments between revenue and capital resources						
Transfer of non-current asset sale proceeds from revenue to capital grants and receipts unapplied	6,189	6,465	(12,654)			-
Transfer of capital grants and contributions to capital grants unapplied	15,525	9,898			(25,423)	-
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		12,860		(12,860)		-
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	454	-				(454)
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)	352	3,333				(3,685)
Total adjustments between revenue and capital resources	22,520	32,556	(12,654)	(12,860)	(25,423)	(4,139)
Adjustments to capital resources						
Use of the capital receipts reserve to finance capital expenditure			9,999			(9,999)
Use of the major repairs reserve to finance capital expenditure				18,816	-	(18,816)
Application of capital grants to finance capital expenditure				-	7,418	(7,418)
Cash payments in relation to deferred capital receipts		-	316	-	-	(316)
Total adjustments between revenue and capital resources	-	-	10,315	18,816	7,418	(36,549)
TOTAL ADJUSTMENTS	16,626	16,887	(2,339)	5,956	(18,005)	(19,125)

2023/24 Adjustments between accounting basis and funding basis under regulations £000	Usable reserves general fund balance	Usable reserves housing revenue account	Usable reserves capital receipts reserve	Usable reserves major repairs reserve	Usable reserves 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						
Pensions costs (transferred to / from the pensions reserve)	1,402	(354)	-	-	-	(1,048)
Council tax and NDR (transfers to or from collection fund adjustment account)	(2,123)	-	-	-	-	2,123
Holiday pay (transferred to the accumulated absences reserve)	-	-	-	-	-	-
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):	(18,250)	(16,925)	-	-	-	35,176
Total adjustment to revenue resources	(18,971)	(17,279)	-	-	-	36,251
Adjustments between revenue and capital resources						
Transfer of non-current asset sale proceeds from revenue to capital grants and receipts unapplied	206	6,668	(6,874)	-	-	-
Transfer of capital grants and contributions to capital grants unapplied	12,937	2,561	-	-	(15,498)	-
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	-	12,880	-	(12,880)	-	-
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	375	-	-	-	-	(375)
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)	155	834	-	-	-	(989)
Total adjustments between revenue and capital resources	13,673	22,943	(6,874)	(12,880)	(15,498)	(1,364)
Adjustments to capital resources						
Use of the capital receipts reserve to finance capital expenditure	-	-	8,285	-	-	(8,285)
Use of the major repairs reserve to finance capital expenditure	-	-	-	18,423	-	(18,423)
Application of capital grants to finance capital expenditure	-	-	-	-	6,763	(6,763)
Cash payments in relation to deferred capital receipts	-	555	-	-	-	(555)
Total adjustments between revenue and capital resources	-	555	8,285	18,423	6,762	(34,026)
TOTAL ADJUSTMENTS	(5,299)	6,219	1,411	5,543	(8,735)	861

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 2024/25.

Earmarked Reserves £000	Balance as at 1 April 2023	Transfer Out 2023/24	Transfer In 2023/24	Balance as at 31 March 2024	Transfer Out 2024/25	Transfer In 2024/25	Balance as at 31 March 2025
General Fund:							
Regeneration SG1	265	(193)	154	226	(120)	84	190
Housing & Planning Delivery Grant	165	-	122	287	(116)	27	198
New Homes Bonus	252	-	-	252	(242)	-	10
Regeneration Assets	1,058	(169)	617	1,506	(223)	428	1,711
Town Centre	12	(12)	-	-	-	57	57
Capital Reserve	20	(20)	-	-	-	75	75
Insurance Mitigation	77	(6)	-	71	(10)	-	61
Income equalisation Reserve	458	-	300	758	-	-	758
NNDR Collection Fund	654	(28)	2,083	2,709	(20)	1,889	4,578
Homelessness Prevention	430	(38)	-	392	(162)	192	422
Transformation	714	(25)	-	689	-	83	772
IT	327	(137)	-	190	(63)	15	142
Leisure Risk	150	(10)	200	340	(121)	-	219
Commercial Property	41	-	-	41	-	-	41
Queensway Parking	80	-	42	122	-	93	215
Asylum seekers	50	-	450	500	(29)	546	1,017
Apprenticeship Reserve	-	-	-	-	-	150	150
Domestic Abuse Reserve	-	-	196	196	-	-	196
Digital Reserves	750	(291)	-	459	(261)	-	198
Stevenage Works	53	(33)	-	20	-	-	20
Total	5,556	(962)	4,164	8,758	(1,367)	3,639	11,030
HRA Fund:							
Interest equalisation	3,423	-	-	3,423	(3,423)	-	-
Transformation	208	(90)	-	118	(32)	-	86
Debt Repayment Reserve	17,200	-	-	17,200	-	-	17,200
Total	20,831	(90)	-	20,741	(3,455)	-	17,286

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. It includes in year business rate gains until realised at the yearend, (rather than assumed within the General Fund balances).
- **Homelessness Prevention** - This reserve was set up in 2019/20 to fund preventative homelessness schemes in future years and is funded from government grants.
- **Transformation and IT** - to fund future service improvements for 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 has also been used to fund capital works to leisure assets.
- **Commercial Property** - this reserve, is 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 Queensway LLP (QLLP) and will be held for any future monies required for the assets held within the LLP.
- **Revenue Grants – Asylum seekers, Domestic Abuse and Digital Reserves** - reserve set aside from grants received to cover costs of these schemes in future years.
- **Apprenticeship Reserve** – reserve set aside to fund the corporate apprenticeship programme, six posts to 2030.

- **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

Unusable reserves £000:	Opening balance 1 April 2024	Other CIES 2024/25	ADBAF ¹⁰ Adjustment s to Revenue Resources 2024/25	ADBAF Capital and Revenue Financing 2024/25	Other movemen ts 2024/25	Closing balance 31 March 2025
Revaluation reserve (restated opening balance)	(116,847)	3,782	-	-	2,921	(110,144)
Capital adjustment account	(474,058)	-	24,205	(41,004)	(5,021)	(495,878)
Deferred capital receipts reserve	(17,184)	-	-	316	2,100	(14,768)
Pensions reserve	19,835	6,423	(4,013)	-	-	22,245
Collection fund adjustment account	82	-	1,371	-	-	1,453
Accumulated absences account	497	-	-	-	-	497
Total unusable reserves (restated opening balance)	(587,675)	10,205	21,563	(40,688)	-	(596,595)

Unusable reserves (Re-stated) £000:	Opening balance 1 April 2023	Other CIES 2023/24	ADBAF adjustment s to revenue resources 2023/24	ADBAF capital and revenue financing 2023/24	Other movem ents 2023/24	Closing balance 31 March 2024
Revaluation reserve	(127,960)	9,708 ¹¹	-	-	1,405	(116,847)
Capital adjustment account	(472,366)	-	35,176	(35,463)	(1,405)	(474,058)
Deferred capital receipts reserve	(17,257)	-	-	73	-	(17,184)
Pensions reserve	3,007	17,876	(1,048)	-	-	19,835
Collection fund adjustment account	(2,041)	-	2,123	-	-	82
Accumulated absences account	497	-	-	-	-	497
Total unusable reserves	(616,120)	27,584	36,250	(35,390)	0	(587,675)

¹⁰ ADBAF = Adjustments between Accounting and Funding Basis

¹¹ The charge to the CIES has been increased by £2,484k as a result of a reclassification of an asset into Council dwellings and its associated revaluation downwards.

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.
- **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

£000	Town center	War memorial	Exhibits	Civic regalia	Total assets
Cost or valuation					
At 31 March 2024	833	53	200	53	1,139
At 31 March 2025	833	53	200	53	1,139
Accumulated depreciation & impairment					
At 1 April 2023	(637)	(52)	-	-	(689)
Depreciation charge 2023/24	(31)	(2)	-	-	(33)
At 31 March 2024	(668)	(54)	-	-	(722)
Depreciation charge 2024/25	(31)	(2)	-	-	(33)
At 31 March 2025	(699)	(56)	-	-	(755)
Net Book Value					
At 31 March 2025	134	(3)	200	53	384
At 31 March 2024	163	1	200	53	417

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.

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

31/03/2024 (restated) £000	Property, Plant and Equipment	31/03/2025 £000
1,547	Infrastructure Assets	1,961
874,657 ¹²	Other Property, Plant and Equipment	885,972
876,204	Total	887,933

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.

¹² An asset of £2,484k has been reclassified from P&E to Council dwellings and then revalued, resulting in the reduction in the balance of Other Property, Plant and Equipment by £2,484k in 2023/24.

The council has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets where there is replacement expenditure is nil.

The Ministry for Housing Communities and Local Government (MHCLG) have confirmed that this override will be extended in England until 31 March 2029.

Movement of Infrastructure Assets

2023/24 £000		2024/25 £000
1,625	Net Book Value at 1 April	1,547
189	Additions	549
(116)	Other movements in cost or valuation	4
(151)	Depreciation charge	(140)
1,547	Net Book Value at 31 March	1,961

Other Property, Plant and Equipment £000 Movement 2024/25	Council dwellings	Other land & building s	Vehicles, plant, & equipme nt	Communi ty assets	Surplus assets	Assets under constructi on	Right of Use Asset	Total other property, plant & equipment
Cost or Valuation								
At 1 April 2024	746,806	126,294	11,628	6,215	3,238	38,811	-	932,992
Additions	27,235	1,839	2,429	134	-	8,769	1,121	41,528
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(18,853)	5,598	-	-	-	-	524	(12,731)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(3,016)	-	-	-	-	-	(3,016)
Derecognition - Disposals	(3,948)	(2,121)	(310)	-	(3,238)	-	-	(9,617)
Assets reclassified	23,515	(2,495)	-	71	332	(21,073)	-	350
Other movements in Cost or Valuation	(174)	(56)	(16)	-	-	-	-	(246)
At 31 March 2025	774,581	126,043	13,731	6,420	332	26,507	1,645	949,260
Accumulated Depreciation & Impairment								
At 1 April 2024	(50,581)	(469)	(5,592)	(1,693)	-	-	-	(58,335)
Depreciation charge	(12,485)	(1,810)	(1,925)	(220)	(7)	-	-	(15,951)
Depreciation written out to Revaluation Reserve	7,535	1,414	-	-	-	-	-	8,949
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	816	-	-	-	-	-	816
Derecognition - Disposals	817	17	254	-	7	-	-	1,095
Other movements in depreciation and impairment	72	31	51	(15)	-	-	-	139
At 31 March 2025	(54,642)	(1)	(6,716)	(1,928)	-	-	-	(63,287)
Net Book Value								
At 31 March 2025	716,940	126,042	7,015	4,492	332	26,507	1,645	885,972
At 1 April 2024 (Restated)	696,225	125,825	6,035	4,522	3,238	38,811	-	874,657

Other Property, Plant and Equipment (Restated)

Other Property, Plant and Equipment £000	Council dwellings	Other land & buildings	Vehicles, plant, & equipmen t	Communi ty assets	Surplus assets	Assets under constructi on	Total property, plant & equipment
Movement in 2023/24 Cost or Valuation							
At 1 April 2023	738,139	123,428	13,437	6,919	390	51,407	933,720
Additions	24,799	4,712	3,056	326	-	10,841	43,734
Revaluation increases/(decreases) recognised in the Revaluation Reserve (restated)	(17,614)	(4,095)	-	-	2,472	-	(19,237)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(6,122)	-	-	376	-	(5,746)
Derecognition - Disposals	(11,454)	(2,718)	(2,205)	(1,030)	-	(24)	(17,431)
Assets reclassified (to)/from held for sale	10,395	11,118	-	-	-	(23,407)	(1,894)
Other movements in Cost or Valuation (restated)	2,541	(29)	(2,660)	-	-	(7)	(155)
At 31 March 2025 (restated)	746,806	126,294	11,628	6,215	3,238	38,811	932,992
Accumulated Depreciation & Impairment							
At 1 April 2023	(48,356)	-	(6,433)	(2,532)	-	-	(57,321)
Depreciation charge	(12,512)	(2,602)	(1,382)	(191)	-	-	(16,687)
Depreciation written out to Revaluation Reserve	-	-	-	-	-	-	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	7,482	2,047	-	-	-	-	9,529
Derecognition - Disposals	2,861	86	2,196	1,030	-	-	6,173
Other movements in depreciation and impairment	(56)	-	26	-	-	-	(30)
At 31 March 2024	(50,581)	(469)	(5,592)	(1,693)	-	-	(58,335)
Net Book Value							
At 31 March 2024 (restated)	696,225	125,827	6,035	4,522	3,238	38,810	874,657
At 1 April 2023	689,783	123,428	7,005	4,387	390	51,407	876,400

Right of use asset.

This represents one asset - Boston House, Park Place in Stevenage which has been leased for a period of 15 years from February 2025, to provide new accommodation for the indoor market from 2025/26.

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 (which was amended by the government in 2024). 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

Revaluations

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

General Fund properties' valuation certificates are dated 31 March 2025 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 2025 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.

The council ensures that all property, plant and equipment required to be measured at current value is revalued sufficiently regularly so that their carrying amount is not materially different from their current value at the year-end, and as a minimum every five years.

£000	Council Dwellings	Other Land & Buildings	Right of use asset	Total
Carried at historical cost	-	-	-	-
Valued at current value as at:				
31 March 2025	719,940	126,042	1,645	847,627
Total	719,940	126,042	1,645	847,627

Impairment Losses

During 2024/25 (as in 2023/24) the Council did not incur any material losses because of impairment.

Capital Contractual Commitments

At 31 March 2025 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 £1Million or more are as follows.

31/03/2024 £000	Capital Commitments	31/03/2025 £000
15,425	Decent Homes and major repairs	33,900
14,032	Housing Regeneration (GF)	46,080
-	Town Centre Regeneration	1,423
29,457	Total	81,403

18. Investment Property

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

2023/24 (restated) £000		2024/25 £000
25,500	Balance at Start of the Year	29,392
1,840	Net Gains / (Losses) on Revaluation	6,686
1,840	Net Gains / (Losses) from Movements in the Market Value of Investment Properties	6,686
39	Additions	20
2,013 ¹³	Reclassifications	-
29,392	Balance at end of year	36,098

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.

¹³ An asset was reclassified from assets held for sale to investment property in 2023/24

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 2025 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.

2023/24 £000		2024/25 £000
2,382	Rental Income from Investment Property	2,707
(1,266)	Direct Operating Expenses Arising from Investment Property	(1,336)
1,116	Net Gain/ (loss)	1,371

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:

2023/24 £000		2024/25 £000
	Balance as at 1 April	-
1,674	Gross carrying amounts	1,518

2023/24 £000		2024/25 £000
(897)	Accumulated amortisation	(632)
777	Net carrying amount at 1 April	886
	Movements in year:	
323	Additions	130
68	Transfer In and Out	-
71	Other Movement	1
(109)	Disposal	-
(244)	Amortisation for the Period	(293)
886	Balance at 31 March	724
	Comprising:	
1,518	Gross carrying amounts	1,649
(632)	Accumulated amortisation	(925)
886		724

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.

2023/24 £000		2024/25 £000
320,051	Opening Capital Financing requirement	331,026
	<i>Capital investment:</i>	
43,923	Property Plant and Equipment	40,956
39	Investment Property	20
323	Intangible Assets	130
-	Loans to Third Parties	2,425
2,164	Revenue expenditure funded from Capital under statute	890
-	Property, Plant and Equipment purchased under finance leases	1,121
46,449		45,542
	<i>Sources of finance:</i>	
(7,866)	Capital Receipts	(10,185)
(7,133)	Government Grants & Other Contributions	(7,423)
(18,423)	Major Repairs Reserve	(18,816)
(992)	Direct revenue contributions	(3,815)
(34,414)	Capital investment funding excluding borrowing	(40,239)
12,035	Financing borrowing requirement increase as a result of Capital Investment	5,303
(375)	Statutory provision for the financing of capital investment charged against the General Fund (MRP)	(454)

2023/24 £000		2024/25 £000
(685)	Finance Lease Repayment and loan repayments	(1,400)
10,975	Increase/(decrease) in Capital Financing requirement	3,449
331,026	Closing Capital Financing requirement	334,475
	Explanation of movements in year	
10,975	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	2,328
-	Assets acquired under finance leases	1,121
10,975	Increase/(decrease) in Capital Financing requirement	3,449

21. Leases

Plant and Equipment:

Council as a Lessee – the council has no material operating or finance leases.

Property:

Council as Lessor - the authority currently leases 435 premises which include shops, workshops, public houses, surgeries and miscellaneous property. These leases are accounted for on an operating lease basis. The rental receivable in 2024/25 was £3,798k, (2023/24 £3,671k).

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

31/03/2024 £000	Future minimum lease payments	31/03/2025 £000
3,388	Not later than one year	3,713
13,462	Later than one year and not later than five years	14,737
49,245	Later than five years	53,988
66,095	Total	72,438

Council as Lessee

Right of Use Asset

The council entered into a finance lease with Skyli Developments Ltd. to lease Boston House, Park Place Plaza, Stevenage as a new location for Stevenage indoor market. The lease commenced in March 2025 with lease payments to start during 2025/26 after a period of fit out by the council. The leased asset has been recognised in the balance sheet as a right of use asset, details can be found in note 17 Property, Plant and Equipment.

Transactions under leases – there has been no related transactions processed through the Comprehensive income and expenditure statement in 2024/25 in relation to the lease above. The maturity analysis of this lease liability is:

31/03/2024 £000	Future minimum lease payments	31/03/2025 £000
-	Not later than one year	102
-	Later than one year and not later than five years	406
-	Later than five years	1,196
-	Total	1,703

Council Dwellings

The Council acquired 10, 25-year leases of council dwellings from Marshgate Ltd, its wholly owned subsidiary between January 2022 and May 2023.

31/03/2024 £000	Future minimum lease to Marshgate payments	31/03/2025 £000
55	Not later than one year	72
218	Later than one year and not later than five years	286
1,604	Later than five years	1,503
1,877	Total	1,861

Council as 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).

31/03/2024 £000	Future minimum lease to Aviva payments	31/03/2025 £000
1,287	Not later than one year	1,343
5,278	Later than one year and not later than five years	5,406
41,692	Later than five years	41,665
48,257	Total	48,414

31/03/2024 £000	Future minimum lease from Queensway	31/03/2025 £000
1,287	Not later than one year	1,343
5,278	Later than one year and not later than five years	5,406
41,692	Later than five years	41,665
48,257	Total	48,414

22. Financial Instruments

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

£000	Long Term 31/03/2024	Long Term 31/03/2025	Current 31/03/2024	Current 31/03/2025
Financial Assets				-
Investments				-
Investment	10	2,278	-	-
Loans and Receivables	-	-	25,203	27,000
Total Investments	10	2,278	25,203	27,000
Debtors (including Cash, Cash equivalents and Bank)				-
Loans and Receivables	25,242	19,803	5,377	20,188
Cash and Cash Equivalents	-	-	1,106	17,195
Total Debtors	25,242	19,803	6,483	37,383
Total Financial Assets	25,252	22,081	31,686	64,383
Financial Liabilities				-
Borrowings				-
Queensway Aviva Borrowing	5,788	5,690	94	98
Financial liabilities at amortised cost	234,987	247,436	328	941
Total Borrowings	240,775	253,126	422	1,039
Creditors	24,422	25,518	5,784	7,132
Total Financial Liabilities	265,197	278,644	6,206	8,171

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:

2023/24 Financial Liabilities Measured at Amortised Cost	2023/24 Financial Assets: Loans and Receivables	2023/24 Total	£000	2024/25 Financial Liabilities Measured at Amortised Cost	2024/25 Financial Assets: Loans and Receivable s	2024/25 Total
7,666	-	7,666	Interest Expense	8,458	-	8,458
-	(3,068)	(3,068)	Interest income	-	(3,071)	(3,071)
7,666	(3,068)	4,598	Net (gain)/loss for the year	8,458	(3,071)	5,387

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.

31/03/2024 Carrying amount	31/03/2024 Fair Value	£000	31/03/2025 Carrying amount	31/03/2025 Fair Value
		Long Term Investments	-	-
-	-	Long-term loans & receivables	2,278	2,278
-	-	Total	2,278	2,278
		Loan Debt and Finance Leases	-	-
6,882	6,882	LEP loan ¹⁴	6,014	6,014
23,422	23,422	Finance lease and borrowing ¹⁵	24,089	24,089

¹⁴ LEP loan is carried on the balance sheet at present value which is a reasonable approximation to fair value

¹⁵ Finance leases and borrowing are carried on the balance sheet at present value which is a reasonable approximation to fair value

31/03/2024 Carrying amount	31/03/2024 Fair Value	£000	31/03/2025 Carrying amount	31/03/2025 Fair Value
235,315	225,525	PWLB Debt	248,377	226,035
265,619	255,829	Total	278,480	256,138

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 2025) arising from a commitment to pay interest to lenders above current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £209,326Million 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 £226,035Million, 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	£000
Within 1 Year	500
Over 1 not over 2 years	8,000
Over 2 not over 5 years	30,656
Over 5 not over 10 years	84,400
Over 10 not over 20 years	106,431
Over 20 not over 25 years	18,000
Total	247,987

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 Council might not have funds available to Re-financing risk – the possibility that the Council 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 Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is conducted 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 2024 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.

- meet its commitments to make payments.

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.

	Amount at 31/03/2025 2025 £000	Historical experience of default %	Historical experience adjusted for market conditions at 31/03/2025 %	Estimated maximum exposure to default & un- collectability 31/03/2025 £000	Estimated maximum exposure to default & un- collectability 31/03/2024 £000
Financial Institutions	A	B	C	(AxC)	
Banks & Building Societies	14.000	-	-	-	-
Other Local Authorities	10,000	-	-	-	-
Other Counter parties	403	-	-	-	-
Trade Debtors	3,235	22%	19%	622	723
Total	28,405			622	723

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 2025. 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 past due	31/03/2024 £000	31/03/2025 £000
less than 3 months	1,446	302
3-6 months	361	177
6 months - 1 year	259	258
over 1 year	241	924
Total	2,307	1,662

Expected Credit Losses on Financial Assets Relating to Group Entities

As at 31 March 2025, the Council has recognised a loss allowance of £2.1million in respect of lease receivables due from Queensway Properties (Stevenage) LLP (part of the Stevenage BC group). The company is expected to require financial support from the council as a result of continuing operational losses and is unlikely to meet its future obligations under the lease. Lifetime expected credit losses have been applied, resulting in an impairment charge of £2.1million recognised in the Comprehensive Income and Expenditure Statement. The Council has an earmarked reserve with funds set aside to support the LLP.

The Council has recognised a lifetime expected credit loss allowance of £58k in relation to the loan to Marshgate Ltd. This is an accounting adjustment required due to the delay in repayment of the loan pending completion of electrical works on site (Third party) and sales of the house units. This has resulted in an impairment charge of £0.058m recognised in the Comprehensive Income and Expenditure Statement. At this time the council is confident that the loan will be repaid in full.

Summary of movement in loss allowances	31/03/2024 £000	31/03/2025 £000
Leases receivable - Queensway Properties (Stevenage) LLP	0	2,100
Loan - Marshgate Ltd.	0	58
Total	0	2,158

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 2025, Deferred Capital Receipts net of credit loss allowance, totalled £14.8Million, (31 March 2024 £17.2Million).

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 2025), the financial effect would be:

	£000
Increase in interest receivable on investments	(496)
Impact on Comprehensive Income & Expenditure Statement	(496)

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:

31/03/2024 £000	Short Term Debtors	31/03/2025 £000
2,040	Trade debtors	2,825

31/03/2024 £000	Short Term Debtors	31/03/2025 £000
2,482	Prepayments	2,850
19	Queensway LLP	367
8,963	Marshgate	12,062
7,017	Other receivable amounts	9,594
20,521	Total	27,698

31/03/2024 £000	Long Term Debtors	31/03/2025 £000
107	Building Control	107
173	Mortgages	173
21,994	Queensway LLP	19,523
2,969	Marshgate Ltd	-
25,243	Total	19,803

25. Cash and Cash Equivalents

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

31/03/2024 £000		31/03/2025 £000
1	Cash held by the Council	1
801	Bank current accounts	(1,938)
707	Short-term liquid deposits	19,132
1,509	Total	17,195

26. Creditors

31/03/2024 £000	Short Term Creditors	31/03/2025 £000
1,040	Trade Creditors	2,216
18,930	Other Creditors	17,302
497	Accumulated leave	497
2,769	Receipts in Advance	3,149
23,236	Total Creditors	23,164

31/03/2024 £000	Long Term Creditors	31/03/2025 £000
6,883	Local Enterprise Partnership (LEP)	6,014
366	Grants received in advance (Capital)	1,199
1,305	Marshgate Lease	1,290
16,206	Queensway Lease	15,933

31/03/2024 £000	Long Term Creditors	31/03/2025 £000
-	Other Finance Lease	1,082
24,760	Total Creditors	25,518

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

Marshgate Lease – relates to ten 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

31/03/2024 (restated) £000		31/03/2025 £000
1,790	Balance outstanding at start of year	1,325
(182) ¹⁶	Transfer to/ from PPE	(350)
(283)	Assets sold	(975)
1,325	Balance outstanding at year end	-

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 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). This was not required for 2024/25.
- **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.

¹⁶ A £2,013k asset originally classified as an asset held for sale has now been reclassified as an investment property

- **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 2025.
- **Leisure:** This provision was for contact costs arising up to 31 March 2024.
- **Water Rates:** For potential liability relating to historical water charges, this has been released in 2024/25.

Provisions £000	Insurance	Organisational Change	MMI Insurance provision	NNDR Appeals	Leisure	Water Rates	Total
Balance as at 1 April 2023	(422)	(338)	(83)	(1,919)	(300)	(2,290)	(5,352)
Additional Provisions made in 2023/24	(291)	-	-	(491)	-	-	(782)
Amounts Used in 2023/24	323	332	-	-	-	-	655
Unused Amounts reversed in 2023/24	-	-	-	818	300	-	1,118
Balance as at 31 March 2024	(390)	(6)	(83)	(1,592)	-	(2,290)	(4,361)
Additional Provisions made in 2024/25	(176)	-	-	(3,550)	-	-	(3,726)
Amounts Used in 2024/25	250	6	-	2,131	-	-	2,387
Unused Amounts reversed in 2024/25	-	-	-	-	-	2,290	2,290
Balance as at 31 March 2025	(316)	-	(83)	(3,012)	-	-	(3,410)

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

The change in the net pension asset/liability is analysed below:

Assets 2023/24	Liabilities 2023/24	Net Liability 2023/24	Net Pension Liability £000	Assets 2024/25	Liabilities 2024/25	Net Liability 2024/25
191,284	(194,291)	(3,007)	Opening fair value of Scheme assets including Asset Ceiling Adjustment	207,471	(227,306)	(19,835)
-	(4,659)	(4,659)	Current Service Cost		(4,428)	(4,428)
-	(147)	(147)	Past service costs	-	-	-
9,057	(9,172)	(115)	Net Interest	11,194	(10,265)	929
-	-	-	Effect of Settlements	12,857	(10,007)	2,850
-	-	-	Interest on impact of asset ceiling		(1,455)	(1,455)
9,057	(13,978)	(4,921)	Total defined benefit cost recognised in Surplus or deficit on the Provision of Services	24,051	(26,155)	(2,104)
			Contributions & Benefits Paid			-
1,531	(1,531)	-	Contributions from employees into the scheme	1,610	(1,610)	-
5,969	-	5,969	Contributions from employer	6,117	-	6,117
(8,743)	8,743	-	Benefits paid	(8,993)	8,993	-
(1,243)	7,212	5,969	Total	(1,266)	7,383	6,117

Assets 2023/24	Liabilities 2023/24	Net Liability 2023/24	Net Pension Liability £000	Assets 2024/25	Liabilities 2024/25	Net Liability 2024/25
			Re-measurements			
8,373	-	8,373	Return on assets excluding amounts included in net interest	(8,282)	-	(8,282)
-	1,246	1246	Changes in demographic assumptions	-	3,636	3,636
-	9,102	9102	Changes in financial assumptions	-	27,860	27,860
-	(6,280)	(6,280)	Other experience	-	1,418	1,418
-	(30,317)	(30,317)	Asset Ceiling Adjustment	-	(31,055)	(31,055)
8,373	(26,249)	(17,876)	Post Employment Benefits Charged to other Comprehensive Income and Expenditure Statement	(8,282)	1,859	(6,423)
207,471	(227,306)	(19,835)	Closing balance	221,974	(244,219)	(22,245)

Basis for Estimating Assets and Liabilities

Hymans Robertson LLP, an independent firm of actuaries, has assessed Stevenage Borough Council's fund net liabilities.

To calculate the asset share for an individual employer, assets allocated to each employer are rolled forward as at the latest valuation date allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the fund by and in respect of the employer and its employees. An allowance for administration expenses is made on the basis of the proportion of employer asset shares.

Liabilities have been assessed on an actuarial basis using the projected unit method (PUM), an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels. The estimates for the Council are based on the latest formal valuation of the scheme as at 31 March 2025.

Asset Ceiling

The asset ceiling adjustment applied above, reflects any future obligations that reduce the realisability of any net asset and for the council this has resulted in the net asset being reduced to a net obligation position. The following pension disclosures exclude the asset ceiling adjustment as this is a local accounting adjustment and does not change the underlying value of the asset in the LGPS fund.

Fair value of Employer's assets (on a bid value to bid value basis):

31/03/2024 £000	31/03/2024 %	Asset breakdown	31/03/2025 £000	31/03/2025 %
123,255	59	Equities	132,583	60
45,578	22	Bonds	50,243	22
25,000	12	Property	33,590	15
13,638	7	Cash	5,558	3
207,471	100	Total	221,974	100

The table below sets out the percentages of the Fund's assets held in each asset class at 28 February 2025 (split by those that have a quoted market price in an active market, and those that do not).

Asset Breakdown	Quoted %	Unquoted %	Total %
Fixed Interest Government Securities UK	2%	-	2%
Fixed Interest Government Securities Overseas	1%	-	1%
Index Linked Government Securities UK	10%	-	10%
Index Linked Government Securities Overseas	-	-	0
Corporate Bonds UK	3%	-	3%
Corporate Bonds Overseas	4%	-	4%
Equities UK	1%	-	1%
Equities Overseas	26%	-	26%
Property	-	13%	13%
Hedge Fund	-	5%	5%
Private Equity	-	9%	9%
Infrastructure	-	2%	2%
Unit Trust	19%	-	19%
Insurance Linked Strategies	-	1%	1%
Private Credit	-	1%	1%
Cash / Temporary Investments	3%	-	3%
Total	69%	31%	100%

Principle Assumptions

The principle assumptions used by the Actuary have been:-

2023/24		2024/25
	Mortality Assumptions (years):	
	Longevity at 65 for current pensioners:	
21.3	Men	21.2
24	Women	24.1
	Longevity at 65 for future pensioners:	
22.2	Men	21.9
25.4	Women	25.2
	Other Assumptions:	
2.80%	Rate of pension inflation	2.90%
3.30%	Rate of increase in salaries	3.90%
4.80%	Rate for discounting scheme liabilities	5.80%
45%	Take up of option to convert annual pension into retirement lump sum. (Pre-April 2008 service)	45%
45%	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 31/03/2025	Liability split %s as at 31/03/2025
Active members	48,976	27%
Deferred members	32,651	18%
Pensioner members	99,766	55%
Total	181,392	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 2025 £000	Approximate increase to Employer Liability	Approximate increase to service cost
0.1% decrease in Real Discount Rate	178,813	2,977
1 Year Increase in member life expectancy	187,343	3,092
0.1% increase in salary increase rate	181,546	3,092
0.1% increase in pension increase rate (CPI)	183,953	3,216

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 next triennial valuation started on 1st April 2025 with results expected before March 2026. At present, funding levels are reported to Hertfordshire County Council Pension Committee on a quarterly basis from officers and consultants.

The total estimated contributions for current service cost expected to be made to the Pension Scheme for the period to 31 March 2026 will be approximately £6,169,000.

The weighted average duration of the defined benefit obligations for scheme members is 15 years, 2024/25 (17 2023/24)

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:

2023/24 £000		2024/25 £000
(2,760)	Interest received	(2,668)
7,462	Interest paid	8,520

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

2023/24 £000		2024/25 £000
(16,870)	Depreciation	(16,204)
(12,970)	Impairment, Impairment Reversal and Revaluation of Non-Current Assets	(2,208)
1,840	Movement in Investment Property Values	6,686
(4,658)	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(9,350)
(228)	Amortisation	(212)
(145)	Increase/(Decrease) in inventories	(24)
1,395	Increase/(Decrease) in debtors	1,774
13,377	(Increase)/Decrease in creditors	(829)
991	(Increase)/Decrease in provisions	951
1,048	Movement in pension liability	4,013
(8)	Other non-cash items	10
(16,229)	Total non-cash movements	(15,393)

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

2023/24 £000		2024/25 £000
15,497	Capital Grants credited to surplus or deficit on the provision of services	25,423
6,874	Proceeds from the sale of property plant and equipment, investment property and intangible assets	12,654
22,371	Total Investing or Financing cash movements	38,077

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

2023/24 £000	Investing Activities	2024/25 £000
44,285	Purchase of property, plant and equipment, investment property and intangible assets	42,227
417,927	Purchase of short-term and long-term investments	61,150
(6,874)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(12,654)
(427,027)	Proceeds from short-term and long-term investments	(57,100)
(15,497)	Other receipts from investing activities	(25,423)
12,814	Net cash flows from investing activities	8,200

2023/24 £000	Financing Activities	2024/25 £000
(7,686)	Cash Receipts of Short- and Long-term borrowing	(13,066)
376	Cash payments for the reduction of the outstanding liabilities relating to finance leases	371
(7,310)	Net cash flows from financing activities	(12,695)

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 £1,358,069 (2023/24, £1,995,149). 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 £693,380 in 2024/25 (£643,412 in 2023/24).

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 £526,205 in 2024/25 (2023/24 £599,250).

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 2024/25 is shown in Note 9 Members Allowances.

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 2024/25 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 2024/25, 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 2025 the company produced a profit before tax of £22k (2023/24 £62k). SBC's share of the profit is £7k. 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 (HBC)**. The council holds 12.5% of the share capital of Broste Rivers Limited (the holding company) and is represented on the board. In August 2016 the council made a loan to HBC 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. The Council only conducts transactions with HBC Limited.

Other companies

Disclosures regarding Queensway Properties (Stevenage) LLP, Marshgate Plc and Swingate Developments LLP 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 and entered into a joint venture (Swingate Developments LLP), its redevelopment partner for SG1. Should the Council not be able to fulfil its development obligations penalty payments would be due to Mace.

- The Council has secured £37.5Million 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.

34. Accounting Policies

i. General Principles:

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position as at the year end of 31 March 2025. 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 2024/25 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.

The following policies are those considered to be material to the financial statements.

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

These 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 charged 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.

Where a pension asset has been estimated, recognition of this asset will be subject to the calculation of an asset ceiling, which is based on the difference between the present value of future services costs and future service contribution in perpetuity. Where future service costs are greater than future service contribution, a pension asset will be recognised up to this difference.

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 recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

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 Council'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 Council 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. Heritage asset

These 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 relevant 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)

These 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

These 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

The Council as Lessee

The council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options. The council initially

recognises lease liabilities measured at the present value of lease payments, discounting by applying the council's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the council is reasonably certain to exercise
- lease payments in an optional renewal period if the council is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the council is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The council considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption. The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the council changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption

As permitted by the Code, the council excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the council is reasonably certain to exercise and any termination options that the council is reasonably certain not to exercise).

The council also considers materiality when assessing other low value leases.

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges 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 balance in the Movement in Reserves Statement.

The Council as Lessor

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

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 to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

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

- 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 60 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 or 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.

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the 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 probable 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.

35. Accounting Standards issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) requires a Council to disclose information in the 2024/25 financial statements about new accounting standards that have been issued but not yet adopted. There are no changes in accounting standards for 2025/26 that are anticipated to have a material impact on the council's financial performance or financial position

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. Councils 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.

- The Council has interests in other entities that fall within the group boundary of the Council on the grounds of control and significant influence in line with the Code. The Council's interests in Queensway Properties (Stevenage) LLP, Marshgate Ltd and Swingate Developments LLP are material to the Council's overall financial position and therefore have been consolidated within the Council's group accounts.

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 2025 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 asset 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 2025 for some 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 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.
Provisions – NDR Appeals	The Authority has a provision of £3Million for its share of the expected outcome of NDR appeals outstanding with the VOA as at 31 March 2025.	If 10% of the appeals that we have provided for were unsuccessful this would mean a reduction of £300k in the provision.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Trade Debtors and Arrears	At 31 March 2025, the Authority had a balance of trade debtors of £3.4Million. Against this debtors' balance, there is an impairment allowance of £0.6million. It is not certain that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not.	An understatement of doubtful debts would lead to a future adjustment and impairment to be reflected. The impairment allowances held are based on policies adapted to historic experience and success rates experienced in collection. The nature of the debt and service area have been considered. If collection rates were to deteriorate then the Council would need to review its policies on the calculation of its impairment allowance for doubtful debts.
Arrears NDR	The NDR arrears balance of £978K at the Balance Sheet date is deemed to be at risk of some material adjustment within the next year due to the level of arrears and current economic climate for businesses. A review of significant balances suggested that an impairment of doubtful debts of 60.3% (£590k) was appropriate. This is a reduction on the 2023/24 provision of £732K due to the age of the outstanding debt	Collection rates for the 2024/25 charge was 99.21% but If collection rates were to deteriorate, for every 1% reduction in collection rates, an extra £529k 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.

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.

2023/24	£000	Note	2024/25
-	Expenditure	-	-
13,638	Repairs & Maintenance	--	18,286
14,634	Supervision & Management	--	15,725
518	Rents, Rates, Taxes & Other Charges	--	384
12,546	Depreciation & Impairment of Non-Current Assets - HRA Dwellings	--	12,734
334	Depreciation & Impairment of Other Non-Current Assets	--	125
368	Movement in the allowance for bad debts	--	391
-	Movement in other provisions	-	(2,290)
42,038	Total Expenditure	--	45,355
	Income	-	
(43,994)	Dwelling rents	HRA 1	(48,097)
(776)	Non-dwellings rents	-	(492)
(4,918)	Charges for Services & Facilities	-	(5,305)
(508)	Contributions towards expenditure	-	(692)
(50,196)	Total Income	-	(54,586)
(8,158)	Net Cost of HRA Services as included in the Comprehensive Income & Expenditure Statement	-	(9,231)
1,169	HRA Services share of Corporate & Democratic Core	-	1,141
(6,989)	Net income for HRA services	-	(8,090)
(1,940)	Gain on sale of HRA Non-Current Assets	-	(3,247)
7,627	Interest payable	-	8,327
(1,810)	Interest receivable on revenue balances	-	(1,025)
(3,117)	Capital grants & Contributions receivable	-	(9,898)
34	Pension Interest and expected return on pension assets	-	158
(6,159)	(Surplus)/Deficit for the year on HRA services	-	(13,774)

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.

2023/24	£000	Note	2024/25
(10,518)	Balance on the HRA at the end of the previous year	-	(10,584)
(6,195)	Surplus for the year on the HRA Income & Expenditure Statement	-	(13,774)
6,219	Adjustment between accounting basis and funding basis under statute	-	16,887
(90)	Transfer to earmarked reserves	13	(3,455)
(66)	(Increase)/Decrease in year on the HRA	-	(342)
(10,584)	Balance on the HRA at the end of the year	-	(10,926)

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 1.39% of let-able properties were vacant (in 2023/24 figure was 1.97%). Average rents (52 weeks basis) - excluding service charges - were £120.87 a week in 2024/25 (£111.44 in 2023/24).

HRA 2. Rent and Supported Housing Payment Arrears

During the year 2024/25 rent arrears as a proportion of gross rent income were 6% (5.93% in 2023/24). The bad debts provision stood at £2,068,997 at 31 March 2025 (£1,945,827 at 31 March 2024).

2023/24 £000		2024/25 £000
2,982	Arrears at 31 March	3,355
251	Amounts written off during the year	268

HRA 3. Housing Stock Numbers

The stock movement can be summarised as follows: -

2023/24 No.		2024/25 No.
7,943	Stock as at 1st April	7,915
(20)	Right to Buy Sales	(34)
70	New Build acquisitions	92
(79)	Demolitions	(1)
1	Conversions/other	-
7,915	Stock at 31st March	7,972
5,051	Houses	5,032
2,864	Flats	2,940
7,915	Total	7,972

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 of the dwellings within the HRA can be summarised as follows: -

	£000
As at 31 March 2024	689,783
As at 31 March 2025	722,578
The Vacant Possession value of the dwellings as at 31 March 2025 was	1,935,957

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:

31/03/2024 £000	-	31/03/2025 £000
27,667	Assets Under construction	7,841
454	Intangible Assets	382
3,130	Vehicles Plant & Equipment	2,543
31,251	Total	10,766

HRA 5. Major Repairs Reserve (MRR)

2023/24 £000		2024/25 £000
(11,498)	Opening Balance as at 1st April	(5,956)
(12,546)	Depreciation of HRA Dwellings	(12,734)
(334)	Depreciation of other HRA Assets	(125)
18,423	Financing of HRA Capital Expenditure	18,816
(5,955)	Closing Balance as at 31 March	-

HRA 6. Capital Expenditure, Financing & Receipts

2023/24 £000		2024/25 £000
	Capital Expenditure	
21,164	Major Repairs & Improvements	24,554
5,284	New Council Housing	5,681
862	Disabled Adaptations	808
77	Equipment	31
10,181	Assets under construction ¹⁷	-
37,568		31,074
	The Capital Expenditure was financed as follows:	
3,879	Capital Receipts	1,859
2,090	Retained 1 for 1 receipts	4,896
18,429	Major Repairs Reserve	18,816
5,324	Grants and Contributions	2,171
-	Revenue Contribution	3,333
7,846	New Borrowing (internal)	-
37,568		31,074
	Total Capital Receipts in 2024/25 from the sale of property within the HRA can be summarised as follows: -	
3,326	Right to Buy Sales	2,529
3,146	Other Land & Property *	719
6,472		3,248
	*Includes repayment of Right to Buy discounts	

¹⁷ Included in New Council Housing from 2024/25

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.

2023/24 Council Tax £000	2023/24 Business Rates £000	2023/24 Total £000	-	2024/25 Council Tax £000	2024/25 Business Rates £000	2024/25 Total £000
			Income			
(59,616)		(59,616)	Council Tax Receivable	(62,946)		(62,946)
(112)	-	(112)	Council Tax Discount funded from Billing Authority	6		6
	(44,364)	(44,364)	Business Rates Receivable		(56,456)	(56,456)
	(4,607)	(4,607)	Transitional Payment Protection receivable		(1,084)	(1,084)
(59,728)	(48,971)	(108,699)	Total income	(62,946)	(57,540)	(120,480)
			Expenditure			
			Precepts, Demands and Shares			
45,204	5,142	50,346	Hertfordshire County Council	48,178	5,480	53,657
6,700		6,700	Hertfordshire Police Authority	7,173		7,173
6,540	20,568	27,108	Stevenage Borough Council	6,838	21,919	28,757
	25,709	25,709	Central Government		27,399	27,399
			Charges to Collection Fund			
	108	108	Costs of collection		107	107
	2	2	Renewable Energy		2	2
249	24	273	Write offs of uncollectable amounts	360	12	371
389	(114)	275	Increase/(decrease) for impairment	441	(29)	412
	(818)	(818)	Increase/(decrease) in provision for appeals		3,550	3,550
			Contribution in regard to previous year deficit/surplus			
314	362	676	Hertfordshire County Council	1,122	210	1,332
46		46	Hertfordshire Police Authority	166		166
46	1,448	1,494	Stevenage Borough Council	162	838	1,000
	1,810	1,810	Central Government		1,048	1,048
59,488	54,241	113,729	Total expenditure	64,441	60,534	124,975
(240)	5,270	5,030	Movement on fund balance deficit/(surplus))	1,501	2,994	4,495
(962)	(4,722)	(5,684)	Balance at beginning of year	(1,202)	547	(654)
(1,202)	547	(654)	Balance at end of year	300	3,541	3,841

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; (28,579.40 for 2024/25, 28,153.10 for 2023/24). The basic amount of council tax for a band D property £2,176.01 for 2024/25 (£2,075.94 for 2023/24) 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	-	1,736	6,802	21,683	3,344	3,234	964	435	15	38,213
Exemptions	(71)	(168)	(244)	(41)	(31)	(10)	(6)	(4)	(575)	(1,150)
Disabled Relief	3	4	81	(77)	19	(25)	2	(5)	(2)	-
Discounts (25%)	2.00	1,142.55	4,081.37	6,276.13	763.15	560.04	134.60	58.11	1.00	13,018.95
Discounts (50%)	-	1	7	21	-	5	4	8	5	51
Council Tax Support Scheme	1.63	326.51	1,180.87	1,805.01	165.83	44.12	11.60	4.34	-	3,539.91
Empty Homes Premium	-	19	39	28	-	7	-	-	-	93
Effective Properties	0.87	1,069.18	4,671.66	18,070.67	2,988.61	3,016.36	914.08	402.47	6.25	31,140.14
Proportions	0.56	0.67	0.78	0.89	1.00	1.22	1.44	1.67	2.00	
Band D Equivalents	0.48	712.79	3,633.51	16,062.82	2,988.61	3,686.66	1,320.34	670.78	12.50	29,088.49
Council Tax Base	Band D equivalent multiplied by collection rate of	98.25%								28,579.40

CF 2. Non-Domestic Rates (NDR)

The Government specified a multiplier of 54.6p in 2024/25 (51.2p in 2024/25) 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 2024/25 (49.9p in 2023/24). The rateable value for the Council's area is £126,994,266 at 31 March 2025 (£124,299,301 at 31 March 2024). 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%.

2023/24 Council Tax £000	2023/24 Business Rates £000	2023/24 Total £000		2024/25 Council Tax £000	2024/25 Business Rates £000	2024/25 Total £000
(929)	55	(874)	Hertfordshire County Council	230	354	584
(138)		(138)	Hertfordshire Police Authority	33		33
(135)	219	84	Stevenage Borough Council	36	1,416	1,452
	274	274	Central Government		1,770	1,770
(1,202)	547	(654)		300	3,541	3,841

Group Accounts 2024/25

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

3. Swingate Developments LLP – OC451295

Joint Venture arrangement between Mace Developments and Stevenage BC.

Registered Office 155 Moorgate, London, EC2M 6XB

Auditors TBC

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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 statements 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.

Marshgate Ltd, the council's wholly owned housing company, using financing from Stevenage Borough Council, purchased ten dwellings on the open market and leases those to the HRA, to provide additional good quality local housing.

Both companies engaged Moore NHC Audit Limited to conduct the audit of the 2024/25 statement of accounts to ensure compliance with accounts filing deadlines – 31 December 2025.

Swingate Developments LLP – is a special purpose joint venture arrangement between Mace Developments and Stevenage BC on a 50/50 basis to deliver a regeneration project in the centre of Stevenage - 261 new homes and commercial space on Plot A of the SG1 scheme (Swingate). Development work started in 2024/25 and is expected to be complete in 2026/27.

Where 2023/24 balances have been re-stated – please refer to the main statements for explanations. The restatements relate only to the Stevenage BC values where include in the group accounts.

Group Accounts – Movement in Reserves Statement

Movements in Reserves during 2024/25

	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 2024 brought forward	(79,385)	4,823	(74,562)	(587,675)	-	(587,675)	(662,238)
Total comprehensive expenditure and income	(36,033)	494	(35,539)	10,205	-	10,205	(25,334)
Adjustments between accounting and funding basis under regulations	21,283	-	21,283	(21,283)	-	(21,283)	-
(Increase)/decrease in year 2024/25	(14,748)	494	(14,255)	(11,078)	-	(11,078)	(25,334)
Balance at 31 March 2025 carried forward	(94,135)	5,317	(88,818)	(598,753)	-	(598,753)	(687,572)

Movements in Reserves during 2023/24 (restated)

	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 2023 brought forward	(75,078)	4,182	(70,896)	(616,120)	-	(616,120)	(687,015)
Total comprehensive expenditure and Income (restated)	(3,447)	640	(2,806)	27,584	-	27,584	24,777
Adjustments between accounting and funding basis under regulations	(861)	-	(861)	861	-	861	-
(Increase)/decrease in year 2023/24	(4,308)	640	(3,668)	28,445	-	28,445	24,777
Balance at 31 March 2024 carried forward	(79,385)	4,823	(74,562)	(587,675)	-	(587,675)	(662,238)

Group Accounts – Comprehensive Income & Expenditure Statement

2023/24 Gross Expenditure £000	2023/24 Gross Income £000	2023/24 Net Expenditure (restated) £000	Comprehensive Income and Expenditure Statement	2024/25 Gross Expenditure £000	2024/25 Gross Income £000	2024/25 Net Expenditure £000
5,476	(2,369)	3,107	Community Services	5,104	(2,514)	2,590
25,163	(23,483)	1,680	Housing Services	25,097	(23,944)	1,153
25,831	(9,323)	16,508	Environmental Services	23,198	(10,350)	12,848
61	0	61	Local Community Budgets	60	0	60
10,535	(9,171)	1,364	Resources	7,457	(9,354)	(1,897)
3,406	(2,324)	1,082	Resources - Support	3,314	(2,395)	919
42,074	(50,232)	(8,158)	Housing Revenue Account	45,360	(54,591)	(9,231)
1,478	(1,990)	(512)	Queensway Properties LLP and Marshgate Ltd	1,913	(2,689)	(776)
114,024	(98,892)	15,132	Cost of Services	111,503	(105,837)	5,666
		5,593	Other Operational Expenditure			(3,263)
		3,070	Financing & Investment Income and Expenditure			(731)
		(26,602)	Taxation & Non-Specific Grant Income			(37,212)
		(2,807)	Deficit/(surplus) on Provision of Services			(35,539)
		9,708	Deficit/(Surplus) on revaluation of Property, Plant and Equipment assets		3,782	
		17,876	Actuarial (gains)/losses on pension assets/liabilities		6,423	
		27,584	Other Comprehensive Income and Expenditure			10,205
		24,777	Total Comprehensive Income and Expenditure			(25,334)

Group Accounts – Group Balance Sheet

31/03/2024 (restated) £000		31/03/2025 £000
891,641	Total Property, Plant & Equipment	902,869
417	Heritage Assets	384
29,392	Investment property	36,098
886	Intangible Assets	724
10	Long Term Investment	1,860
269	Long Term Debtors	280
922,615	Total Long-Term Assets	942,216
24,800	Short Term Investments	27,000
1,325	Assets Held for Sale	0
7,696	Inventories	9,728
11,782	Short Term Debtors	15,570
6,573	Cash and Cash Equivalents	20,296
52,176	Current Assets	72,593
(422)	Short Term Borrowing	(1,039)
(23,731)	Short Term Creditors	(23,190)
(4,361)	Provisions	(3,410)
(28,514)	Current Liabilities	(27,639)
(16,206)	Queensway Finance Lease	(15,933)
(6,857)	Long term creditors	(7,096)
(234,987)	Long term borrowing	(247,436)
(5,788)	Long term borrowing (Queensway)	(5,690)
(19,835)	Pension Liability	(22,245)
(366)	Grants Receipts in Adv - Capital	(1,199)
(284,039)	Long Term Liabilities	(299,599)
662,238	Net Assets	687,571
(74,563)	Total Usable Reserves	(88,818)
(587,675)	Unusable Reserves	(598,753)
(662,238)	Total Reserves	(687,571)

These financial statements are authorised by Clare Fletcher – Strategic Director (Chief Financial Officer) on **XX February 2026**.

Clare Fletcher

Group Accounts – Cash Flow Statement

2023/24 £000	Cash Flow Statement	2024/25 £000
(2,806)	Net (Surplus) or Deficit on the Provision of Services	(35,539)
(14,747)	Adjustments to Net (Surplus) or Deficit on the provision of Services for Non-Cash Movements	(11,766)
22,371	Adjustments for items in the Net (Surplus) or Deficit on the Provision of Services that are Investing or Financing Activities	38,077
4,817	Net cash flows from Operating Activities	(9,228)
12,814	Investing Activities	8,200
(7,310)	Financing Activities	(12,695)
10,321	Net (Increase) or Decrease in Cash and Cash Equivalents	(13,723)
16,894	Cash and cash equivalents at the beginning of the period	6,573
6,573	Cash and Cash Equivalents at the End of Period	20,296

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, Marshgate Ltd and Swingate Developments LLP and has concluded that there is no material adjustments required to align accounting policies of both entities.

The accounts for all group companies 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 £22Million of balances have been eliminated split between long and short term liabilities and assets - SBC debtor and QLLP creditor.

During 2023/24 and 2024/25, 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.

During 2024/25 Stevenage BC lent £1.9Million to Swingate Developments LLP as part of a total £9Million investment to finance 50% of the regeneration of the SG1 site in Stevenage. Swingate Developments LLP lent that funding out to Swingate Phase 1A LLP thus the investment is treated as being to a third party outside the group for consolidation purposes.

G3. Group short term Debtors

31/03/2024 £000		31/03/2025 £000
2,275	Trade Debtors	3,079
2,482	Prepayments	2,850
7,025	Other Debtors	9,641
11,782	Total	15,570

G4. Group short term Creditors

31/03/2024 £000		31/03/2025 £000
1,134	Trade Creditors	2,648
497	Accumulated leave	497
19,331	Other Creditors	16,896
2,769	Receipts in Advance	3,149
23,731	Total Creditors	23,190

G5. Group Companies Summary Profit and Loss Account

The following is summarised financial information for Queensway LLP (QLLP) and Marshgate Ltd (MG). Swingate Developments LLP have no material P&L transactions in 2023/24 or 2024/25.

2023/24 QLLP net expenditure £000	2023/24 MG net expenditure £000		2024/25 QLLP net expenditure £000	2024/25 MG net expenditure £000
(1,990)	(58)	Turnover	(2,269)	(57)
388	-	Cost of sales	361	-
(1,602)	(58)	Gross (profit)/loss	(1,908)	(57)
1,044	(34)	Other operational costs/revenues	1,171	59
(558)	(92)	Net cost of sales as included in the group CIES	(737)	2
1,268	-	Financing costs	1,250	(34)
710	(92)	Net (profit)/loss for the period	513	(32)

G6. Group Companies Summary Balance Sheet

Q LLP 31/03/2024 £000	MG 31/03/2024 £000	SD LLP (50%) 31/03/2024 £000		Note	Q LLP 31/03/2025 £000	MG 31/03/2025 £000	SD LLP (50%) 31/03/2025 £000
15,437	1,320	-	Total long-term assets		14,936	1,290	1,850
-	7,553	-	Inventories		-	9,609	-
412	79	-	Short term debtors	G7	733	32	-
1,945	3,119	-	Cash and cash equivalents		1,262	1,839	-
2,357	10,751	-	Current assets		1,995	11,480	-
(692)	(70)	-	Creditors due in less than one year	G7	(714)	(12,265)	-
(692)	(70)	-	Current liabilities		(714)	(12,265)	-
(16,206)	-	-	Finance lease		(15,933)	-	-
(5,788)	(11,931)	-	Long term borrowing		(5,690)	-	(1,850)
(21,994)	(11,931)	-	Long term liabilities	G7	(21,622)	-	(1,850)
(4,892)	70	-	Net assets		(5,405)	506	-
4,892	-	-	Partnership funds		5,405	-	-
-	-	-	Shareholders' funds		-	(418)	-
-	(70)	-	Profit and loss reserves		-	(88)	-
4,892	(70)	-	Total funds		5,405	(506)	-

G7. Group Companies Short Term Debtors and Creditors

Q LLP 31/03/2024 £000	MG 31/03/2024 £000	SD LLP (50%) 31/03/2024 £000		Q LLP 31/03/2025 £000	MG 31/03/2025 £000	SD LLP (50%) 31/03/2025 £000
			Debtors due in less than one year			
-	-	-	Stevenage BC	431	15	-
157	78	-	Trade debtors	254	-	-
255	1	-	Other debtors	48	17	-
412	79	-	Total	733	32	-
			Debtors due in more than one year			
-	1,320	-	Stevenage BC	-	1,290	1,850
			Creditors due in less than one year			
(267)	-	-	Stevenage BC	(376)	(12,131)	-
(331)	-	-	Trade creditors	(338)	(94)	-
(94)	(70)	-	Other creditors		(40)	-
(692)	(70)	-	Total	(714)	(12,265)	-
			Creditors due in more than 1 year			
(21,994)	(11,931)	-	Stevenage BC	(21,622)	-	(1,850)

Annual Governance Statement 2024/25

Glossary of Terms

Accounting Standards

By law local authorities must follow "proper accounting practices" which are set out both in acts of parliament and in professional codes and statements of recommended practice. These are based on accounting standards, primarily International Financial Reporting Standards set by the International Accounting Standards Board.

Accruals

The accounting concept that income and expenditure are recognised as they are earned or incurred not as money is received or paid.

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

Income over £10,000 from the sale of a non-current asset.

Capital Financing Costs

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

CIPFA

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

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.

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.

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.

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.

Creditors

Amounts of money owed by the council for goods or services received.

Debtors

Amounts of money owed to the council for goods or services provided.

Deferred Capital Receipts

This refers to income of a capital nature that will be received in future financial years.

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.

Finance Lease

A lease that substantially transfers the risks and rewards of a fixed asset to the lessee. Any lease that is not a finance lease is known as an operating lease.

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.

Members' Allowances

Payments to councillors, authorised by law, in respect of the costs incurred in carrying out their duties as elected representatives.

Minimum Revenue Provision

The minimum amount that the council must charge to the General Fund to prudently provide for the repayment of debt.

Movement in Reserves Statement (MIRS)

This presents the movement in usable and unusable reserves.

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.

Provision

A liability that is of uncertain timing or amount which is to be settled by transfer of economic benefits.

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 (RCCO)

Contributions from revenue to finance capital expenditure.

Revenue Expenditure

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

Revenue Expenditure Funded from Capital under Statute

Legislation in England allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a non-current asset. Examples include works on property owned by other parties, renovation grants and capital grants to other organisations.

Azets Audit Services
Regis House
45 King William Street
London
EC4R 9AN

Your Ref:
Our Ref:

[Date]

Dear Sirs/Madam

Stevenage Borough Council
Financial Statements for the year ended 31 March 2025

This representation letter is provided in connection with the audit of the financial statements of Stevenage Borough Council (the "Council") for the year ended 31 March 2025.

I confirm that to the best of my knowledge and belief having made such inquiries as I considered necessary for the purpose of appropriately informing myself:

Financial Statements

- i. I have fulfilled my responsibilities as Section 151 Officer for the preparation of the Council's financial statements in accordance with applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the 2024/25 Code), for being satisfied that they give a true and fair view and for making accurate representations to you.
- ii. I have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The financial statements are free of material misstatements and misclassifications including omissions.
- iv. I have reviewed and approved all disclosures made in the financial statements and I am not aware of any other matters which require disclosure in order to comply with the requirements of UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Code A summary of the main disclosure changes is at appendix 1.
- v. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

- vi. I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error, and I believe that I have appropriately fulfilled these responsibilities.
- vii. The methods, data and significant assumptions used by us in making accounting estimates, including those measured at fair value, are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework. I am satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements.
- viii. The Council has satisfactory title to all assets. The Council has no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities as at 31 March 2025 reflected in the financial statements.
- ix. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the Council has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- x. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of applicable law and accounting standards.
- xi. All events subsequent to the date of the financial statements and which require adjustment or disclosure have been adjusted or disclosed.
- xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of UK adopted international accounting standards, and as interpreted and adapted by the Code.
- xiii. I believe that the Council's financial statements should be prepared on a going concern basis. I do not expect the Council to demise in its current organisational form; however, my basis for going concern acknowledges that if that situation arose the services would be transferred to another body. I believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

- xiv. I acknowledge the Council's legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as I am aware, there is no relevant audit information needed by you for the purposes of your audit of which you are unaware.
- xv. On 5 September 2024 parliament approved the Accounts and Audit (Amendment) Regulations 2024. These Regulations set a publication date for financial statements in respect of 2024/25 of 27 February 2026. The National Audit Office Code of Practice requires that where auditors are unable to conclude their work by

this statutory backstop date, they should issue either a qualified audit opinion or a disclaimer of opinion. It has not been possible to provide you with the all the required information for you to complete your audit for the year ending 31 March 2025 by the statutory backstop date.

This includes providing you with:

- a. access to all information of which I am aware that is relevant to the preparation of the Council's financial statements such as records, documentation and other matters;
 - b. all additional information that you might have requested for the purpose of your audit; and
 - c. access to all persons within the Council from whom you determined it necessary to obtain audit evidence.
- xvi. I have communicated to you all deficiencies in internal control of which management is aware.
- xvii. I have disclosed to you the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xviii. I have disclosed to you all information in relation to known fraud or suspected fraud that I am aware of and that affects the Council and involves:
- a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xix. I have disclosed to you all information in relation to instances of, or allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xx. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxi. I have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which I am aware.
- xxii. I have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
- xxiii. All transactions undertaken by the Council have been recorded in the accounting records and are properly reflected in the financial statements.

Narrative Report

- xxiv. The disclosures within the Narrative Report fairly reflect my understanding of the Council's financial and operating performance over the period covered by the financial statements.

Annual Governance Statement

xxv. I am satisfied that the Annual Governance Statement fairly reflects the Council's risk assurance and governance framework, and I confirm that I am not aware of any significant risks or weaknesses in governance or internal control that are not disclosed within the Statement.

Yours faithfully

Signature:.....

Name:

Position: Strategic Director- Chief Financial Officer

Date.....

Appendix 1

Adjusted misstatements

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management. Details of items corrected following discussions with management are as below.

Detail	CIES £000 DR (CR)	Balance sheet £000 DR (CR)	Impact on total net expenditure £000 DR (CR)	Impact on useable reserves £000 DR (CR)
<u>Council dwellings valuation</u> The draft valuation report prepared by the valuer indicated a total valuation of £722m; however, the final report shows a valuation of £719m. No adjustments were made at the time because the final report was received after the statement of accounts had already been published in July 2025 hence both the council dwellings and revaluation reserve was understated at 31 March 2025.		DR Revaluation reserve- 2,638 CR Council dwellings- (2,638)	0	0
<u>Reclassification of assets from Assets Held for Sale (AHFS) to Investment Property</u> The asset was incorrectly classified as AHFS IN 2023/24. However, this is an Investment Property hence the AHFS opening balance was overstated by £2.013m and the Investment Property opening balance was understated in 2024/25.		DR Investment Properties - 2,013 CR Assets Held for Sale – 2,013	0	0
<u>Expected credit losses</u> Expected credit loss assessments were undertaken in respect of long-term debtors due from the Council's subsidiaries, Marshgate and Queensway. This identified expected credit losses of £0.058m and £2.1m respectively, with the latter being material.		Dr Deferred capital receipts – 2,158 CR Long term debtors (Allowance for credit losses)- 2,158	0	0
<u>Reclassification of assets from Assets Held for Sale (AHFS) to Community assets</u> The asset was initially classified as held for sale in the prior year, as it was actively marketed for sale. As the sale was no longer considered probable, the Council reclassified the asset as a community asset; however, this reclassification is incorrect. The asset is not operational and should therefore be classified as a surplus asset. The Council has agreed that the reclassification to community assets was incorrect. As we are disclaiming our		DR Surplus Assets - 206 CR Community Assets – (206)		

opinion, we have not undertaken further procedures to identify whether this error would extrapolate to a potentially material uncertainty. Management has amended the accounts for this classification issue.				
Overall impact			0	0

Unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made in the final set of financial statements.

Detail	CIES £000 DR (CR)	Balance sheet £000 DR (CR)	Impact on total net expenditure £000 DR (CR)	Impact on useable reserves £000 DR (CR)	Reason for not adjusting
<u>Other Land and buildings valuation</u> The revaluation amount per the financial statements is different from the amount per the financial statements. No adjustments were made at the time because the final report was received after the statement of accounts had already been published in July 2025.		DR Revaluation reserve - 106 CR Other Land and buildings (PPE) – (106)	0	0	Immaterial
<u>Additions</u> As part of our audit testing, we identified a misstatement of £12.7k which resulted in an unadjusted extrapolated error of £103k. This arose from an invoice dated September 2023 that was not received and processed until 2024/25, leading to recognition in the incorrect accounting period.		Dr Additions 103 CR Trade creditors- (103)	0	0	Immaterial and extrapolated

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit.

Disclosure / issue / omission	Outcome	Adjustment agreed?
Note 22. Financial Instruments (Borrowings) Financial liabilities at amortised cost are recorded at £441k; however, this needs to be adjusted to £941k to incorporate the PWLB loan short-term borrowing component. Of the total PWLB loan of £247,987k, £500k falls under current liabilities based on the maturity dates, hence the need to update the figure from £441k to £941k.	Management has agreed to make the necessary changes.	Y
Note 22. Financial Instruments (Debtors) Total debtors do not cast- it should be 11, 558k not £11,961k. The Total financial assets should be £37,164k and not £36,761k	Management has agreed to make the necessary changes.	Y
HRA 6. Capital expenditure, Financing and Receipts The new council housing figure for 2023/24 differs from the signed accounts. In the current accounts, it is shown as £15,465k, whereas it was £5,284k in the prior-year accounts..	Management has agreed to make the necessary changes.	Y
Prior adjustment on the reclassification of Plant & Equipment to Council Dwellings To correct prior-year misclassification of dwelling addition (£2,484k) incorrectly recorded as Plant & Equipment. Adjustment reduces P&E and reverses the associated revaluation uplift to maintain alignment with Savills 2023/24 valuation. Further, to correct overstated depreciation (£497k) arising from prior-year asset misclassification. Adjustment reduces HRA depreciation charge with offsetting entry to the CAA, leaving HRA reserves unchanged.	Management identified this prior period error and has confirmed they will adjust the accounts	Y
Minor presentational, formatting and disclosure issues We proposed a number of minor changes and narrative amendments to improve the presentation of the accounts.	Management has agreed to make the necessary changes.	Y

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Independent Auditor's Report to the members of Stevenage Borough Council

Report on the audit of the financial statements

Disclaimer of opinion on the financial statements

We were appointed to audit the financial statements of Stevenage Borough Council (the 'Council') and its subsidiaries (the 'Group') for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund Statement, the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement and notes to the financial statements, including accounting policies and other information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2024/25.

We do not express an opinion on the financial statements of the Council or the Group. Due to the significance of the matter described in the 'Basis for disclaimer of opinion' section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (the "Amendment Regulations") require the Council to publish its financial statements and our opinion thereon for the year ended 31 March 2025 by 27 February 2026 (the "Backstop Date"). This date has been put in law with the purpose of clearing the backlog of historical financial statements in English local government.

We have been unable to obtain sufficient appropriate audit evidence by the backstop date to conclude that the Council's and group's financial statements for the year ended 31 March 2025 as a whole are free from material misstatement. In addition, we have been unable to obtain sufficient appropriate evidence over the disclosed comparative figures for the year ended 31 March 2024 by the backstop date as a result of disclaimed opinions in previous financial years. Therefore, we were unable to determine whether any adjustments were necessary to the opening balances as at 1 April 2024 or whether there were any consequential effects on the Council's and group's income and expenditure for the year ended 31 March 2025. Any adjustments from the above matters would have a consequential effect on the Council's and group's net assets and the split between usable reserves and unusable reserves as at 31 March 2025 and 31 March 2024 and on the Council and group income and expenditure and cash flows for the years then ended.

We have concluded that the possible effects on the financial statements of undetected misstatements arising from these matters could be both material and pervasive. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Council to comply with the requirement in the Regulations that they publish audited financial statements for the year ended 31 March 2025 by 27 February 2026.

Opinion on other matters required by the Code of Audit Practice

The Council are responsible for the other information. The other information comprises the information included in the Annual Governance Statement and the Statement of Accounts other than the financial statements and our auditor's report thereon.

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") we are required to consider, based on the work undertaken in the course of the audit of the financial statements, whether the other information published together with the audited financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Because of the significance of the matters described in the 'Basis for disclaimer of opinion' section of our report, we have been unable to form an opinion whether the other information published together with the financial statements in the Statement of Accounts and Annual Governance Statement, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception under the Code of Audit Practice

Under the Code of Audit Practice we are also required to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and

SOLACE, or is misleading or inconsistent with information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in respect of the above matter.

Responsibilities of the Council and the Strategic Director -Chief Financial Officer

As explained in the Statement of responsibilities set out on page xxxv, the Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Strategic Director- Chief Financial Officer. The Strategic Director -Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2024/25, for being satisfied that they give a true and fair view, and for such internal control as the Strategic Director -Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Strategic Director -Chief Financial Officer is responsible for assessing the Council's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government to cease the provision of the services provided by the Council. The Strategic Director -Chief Financial Officer is required to comply with the requirements set out in the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2024/25.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Council's and the Group's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the 'Basis for disclaimer of opinion' section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements. In reaching this judgement we have complied with the requirements of the Code of Audit Practice and have had regard to the Local Audit Reset and Recovery Implementation Guidance published by the National Audit Office and endorsed by the Financial Reporting Council.

We are independent of the Council and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matter described in the 'Basis for disclaimer of opinion' section of our report.

Report on other legal and regulatory matters

Reports in the public interest or use of other statutory powers

Under the Code of Audit Practice, we are required to report to you if, in the course of or at the conclusion of the audit, we:

- issue a report in the public interest under Section 24 of the Local Audit and Accountability Act 2014;
- make a written recommendation to the Council under section 24 of the Local Audit and Accountability Act 2014;
- make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in respect of the above matters.

Report on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in this respect.

Responsibilities of the Council

As explained in the Statement of responsibilities, the Council is required to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets. The Council is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements.' When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Council ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Council has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary included in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Delayed certificate

We cannot formally conclude the audit and issue an audit certificate for Stevenage Borough Council for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice (the "Code") until we have completed all our responsibilities mandated by the Code.

- Our Whole of Government Accounts work for the year ended 31 March 2025, as mandated under the National Audit Office's group instructions, is currently outstanding and confirmation has not yet been received from the National Audit Office that the Whole of Government Accounts audit for 2024-25 has been certified by the Comptroller and Auditor General.

We are satisfied that this work does not have a material effect on the financial statements, or on our conclusion on the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources for the year ended 31 March 2025.

Use of our report

This report is made solely to the members of the Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Council's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the members of the Council as a body, for our audit work, for this report, or for the opinions we have formed.

Name, Key Audit Partner

for and on behalf of Azets Audit Services, Local Auditor
London

Date

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