

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

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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 £2.1Million 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 £1.6Milion
 - 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)	219,875
Agreed	
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