

2023/24

Financial Report including  
Statement of Accounts  
and Group Accounts



The 2022/23 Statement of Accounts was certified as presenting a true and fair view of the financial position of Stevenage Borough Council by the Chief Financial Officer on 12 February 2024.

The final version of the Statement of Accounts includes amendments following consideration by Azets and was approved under delegation by the Chair of Audit Committee and Chair of the Statement of accounts Committee on 12 February 2025.

Chair Audit Committee

Chair Statement of Accounts Committee

Carolina Veres  
12 February 2025

Jeanette Thomas  
12 February 2025



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.

Foreword by Chief Executive .....	v
Narrative Statement.....	xviii
Statement of Responsibilities for the Statement of Accounts .....	iii
Stevenage Borough Council's Responsibilities.....	iii
Statement of Accounts 2023/24 .....	1
Comprehensive Income & Expenditure Statement for the year ended 31 March 2024 .....	2
Movement in Reserves Statement .....	2
Balance Sheet.....	5
Cash Flow Statement for the year ended 31 March 2024 .....	6
Notes to the Core Financial Statements .....	7
1. Statement of accounting policies.....	7
2. Material items of Income and Expenditure .....	7
3. Events after the Reporting Period .....	7
4. Expenditure and Funding Analysis .....	8
5. Expenditure and Income Analysis by Nature .....	11
6. Other Operating Expenditure .....	11
7. Financing and Investment Income and Expenditure .....	11
8. Taxation and Non Specific and Specific Grant Income .....	11
9. Members Allowances .....	12
10. Officers Remuneration .....	13
11. External Audit Costs.....	15
12. Adjustments between Accounting Basis and Funding Basis under Regulations .....	15
13. Movements in Earmarked Reserves .....	19
14. Useable Reserves.....	21
15. Unusable Reserves.....	21
16. Heritage Assets.....	23
17. Property, Plant and Equipment .....	24
18. Investment Property .....	28
19. Intangible Assets.....	30
20. Capital Expenditure and Capital Financing .....	31
21. Leases .....	31
22. Financial Instruments.....	32
23. Nature and Extent of Risks Arising from Financial Instruments .....	36
24. Debtors .....	39
25. Cash and Cash Equivalents.....	39
26. Creditors .....	40
27. Assets held for sale.....	40
28. Provisions .....	41
29. Pension .....	42
30. Cash Flow Statement – Operating Activities.....	48
31. Adjustments for items in the net surplus or deficit on the provision of services that are investing or financing activities.....	49
32. Related Parties.....	50
33. Contingent Liabilities and Assets .....	51
34. Accounting Policies .....	52

35. Accounting Standards issued but have not yet been adopted .....	70
36. Critical judgements in applying Accounting Policies .....	70
37. Assumptions made about the future and other major sources of estimation uncertainty 71	
38. Going Concern .....	72
Housing Revenue Account (HRA) Income & Expenditure Statement .....	75
Movement on the HRA Statement .....	76
HRA 1. Gross Rent Income .....	76
HRA 2. Rent and Supported Housing Payment Arrears .....	76
HRA 3. Housing Stock Numbers .....	77
HRA 4. Non-Current Asset Valuations .....	77
HRA 5. Major Repairs Reserve (MRR) .....	78
HRA 6. Capital Expenditure, Financing & Receipts .....	78
<b>Collection Fund .....</b>	<b>79</b>
Collection Fund Statement .....	79
CF 1. Council Tax .....	80
CF 2. Non-Domestic Rates (NDR) .....	80
CF 3. Allocation of Collection Fund (surpluses)/deficits .....	81
<b>Group Accounts .....</b>	<b>82</b>
Group Accounts – Movement in Reserves Statement .....	85
Group Accounts – Comprehensive Income & Expenditure Statement .....	87
Group Accounts – Group Balance Sheet .....	88
Group Accounts – Cash Flow Statement .....	89
Group Accounts - Notes to the Group Accounts .....	89
G1. Accounting Policies .....	89
G2. Leases and Long Term Debt .....	89
G3. Group short term Debtors .....	90
G4. Group short term Creditors .....	90
G5. Subsidiaries Summary Profit and Loss Account .....	90
G6. Subsidiaries Summary Balance Sheet .....	90
G7. Subsidiaries Short Term Debtors and Creditors .....	91
Annual Governance Statement 2023/24 .....	92
Glossary of Terms .....	128
Report of the External Auditors .....	133

## Foreword by Chief Executive

Welcome to Stevenage Borough Council's Statement of Accounts for 2023/24. As a co-operative Council we work alongside residents and partners to improve the lives of the people that live and work in the town. To enable this, it's important that we maintain a high degree of openness around our spending and decision making. The publication of our accounts helps demonstrate our commitment to achieving this transparency.

## Organisational overview and external environment

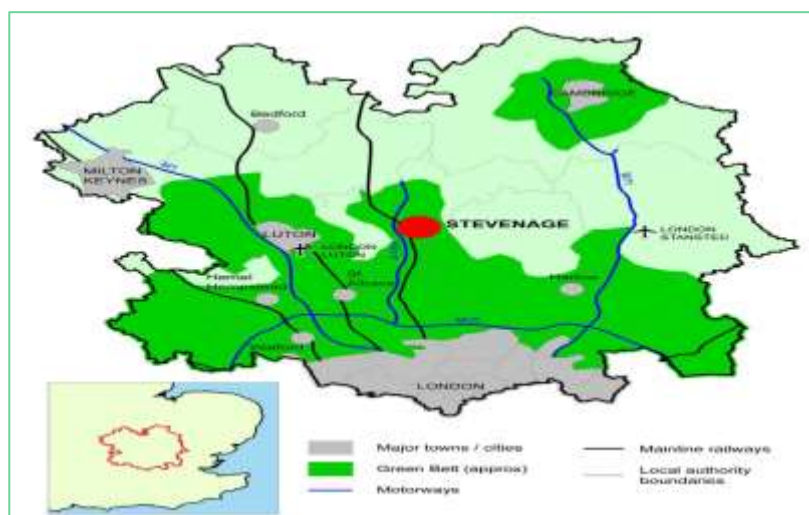
### About Stevenage

Stevenage is a town steeped in rich heritage and culture, with a long history spanning back to Saxon times. The town is home to around 89,000 people and 52,000 jobs, with established businesses in key sectors including pharmaceutical, advance manufacture, space and defence, life sciences and health care. Through the Future Town Future Council Corporate 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 89,000 residents live in 13 wards, which are represented as 6, neighbourhoods through the Council's innovative Co-operative Neighbourhoods approach:

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

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

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

- Revenues and Benefits service, hosted by East Hertfordshire District Council (EHDC)
- ICT service with EHDC, hosted by Stevenage Borough Council
- Internal Audit Service (SIAS) and Shared Anti-Fraud Service (SAFS) with other Hertfordshire Councils, hosted by Hertfordshire County Council
- CCTV service (partnership and company) with EHDC, North Hertfordshire District Council and Hertsmeare Borough Council, hosted by Stevenage Borough Council
- Legal service, hosted by Hertfordshire County Council

- Shareholder in Building Control company with seven other Hertfordshire Councils
- Disabled Facilities service (Hertfordshire Home Improvement Agency), hosted by Hertfordshire County Council
- Procurement service with EHDC and Hertsmere

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

The partnership will enable 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 £65M European manufacturing headquarters of 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.

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

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

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

## Living

Stevenage offers residents a wide range of local amenities and a good standard of living. There is a good mix of social, affordable, and private housing in and around the town. Indeed, the town is



one of the most affordable places to live within Hertfordshire with the average property price being £350,000 compared to £521,000 elsewhere in the county.

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

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

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

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

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

Stevenage is proud of its open spaces and in 2023/24 three new community orchards were created as part of the Urban Tree Challenge Fund. The new orchards at Bedwell Park, Peartree Park and Letchmore Road Open Space were planted with support from local schools. This is in addition to the planting of five trees to celebrate 50 years of Fairlands Valley Park and seven trees as part of the emerging community woodland, to commemorate the late Queen Elizabeth II 70-year reign.

### Opportunity & Ambition

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

During 2023/24 the Council continued to progress the regeneration programme. Event Island Stevenage, on the site of the old bus station, continues to offer a programme of events and



activities in the heart of the town centre, as well as providing greenery and spaces for informal play. Seasonal events on offer – include an ice rink installed over the Christmas period to coincide with other festive activities across the town centre.

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

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

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

Throughout 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 programme to deliver the next tranche of projects is underway including:

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

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. Work started on the first phase of the SG1 development in March 2024, on a site at Swingate opposite the Council's offices that will provide 261 new homes. The Council has in principle agreement to form a joint venture with Mace to deliver this first plot, and anticipates the construction progressing fully over the coming months through to completion in 2026.

The Council has also secured a deal with Reef Developments/UBS to sell a surface level car park at the Forum, in exchange for a multi storey car park that will begin construction in 2024. Reef/UBS have full planning consent for a 530,000ft<sup>2</sup> Life Science development on the remainder of the site.

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

## Political Makeup as at March 2024

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 2022 election the political makeup was as follows:

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

## Corporate Priorities and Objectives

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

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

At its meeting on 24 February 2021, the Council agreed to continue with the current Corporate Plan beyond its original 5-year term, subject to further review. The Council has now carried out a review of its Corporate Plan and the new plan "Making Stevenage Even Better" was approved by Full Council in February 2024 and will be implemented with effect from April 2024.

The focus of Making Stevenage Even Better (2024 – 2027) builds upon the success of FTFC 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 will be developed and presented to the Cabinet (was Executive) in preparation for 2024/25. Prior to this, the Council will continue to report to its Cabinet set “Future Town, Future Council” priorities on an annual basis, and performance against these is subject to quarterly review by the Cabinet and the Overview and Scrutiny Committee. The FTFC Corporate Plan priorities are consolidated into four external-facing programmes and one internal-facing enabling programme, which are set out below:

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



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

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

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

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

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

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

the highest levels of fire safety and fire protection. The programme continues to be rolled out in 2024/25 with further phases planned.

In 2023/24 the Council successfully secured Social Housing Decarbonisation Funding which will see around 400 social homes with an Energy Performance Certificate (EPC) rating of D or lower receive upgrades to improve their energy efficiency and reduce carbon emissions. This includes fitting, if required, wall and loft insulation, double glazing and solar panels

The Co-operative Neighbourhoods (CN) programme continued to develop at pace throughout 2023/24. Engagement with residents at local neighbourhood level to listen to their views and priorities as well as considering co-production opportunities to address issues which are identified has taken place on a regular basis, including via the Proptech funded project to increase the use of digital engagement mechanisms, with over 1,900 responses obtained during the year. Further consultation and analysis of views will take place in 2024/25 to make sure that residents priorities remain at the heart of decision-making.

To ensure that residents are kept informed of and engaged with developments, Digital Newsletters are due to be circulated to each Neighbourhood area. Over 6,000 residents have signed up to receive the Digital Newsletters thus far.

In 2023/24, Building on the success of the UK Community Renewal Fund and the first year of UK Shared Prosperity Funding the council continues to delivery projects and programmes across the three investment priorities: Community & Place, Supporting Local Business and People & Skills. The council is continuing to focus on key areas of supporting, including the previously established focus on climate change through supporting local organisations to create decarbonisation plans as well as looking to promote alternative governance structures for local businesses such as co-operatives and mutual societies aligned with the councils co-operative ethos. The UK Shared Prosperity fund supported projects will continue to be delivered throughout 2024/25.

Complimenting this work is our partnership with Mission 44, a charitable foundation founded by Sir Lewis Hamilton who are focused on improving life chances and reducing inequality for those most in need of support. The 'Pioneering Young STEM Futures' programme has been designed to provide young people in Stevenage with the knowledge, skills and confidence to make the most of the wonderful opportunities that are available in the STEM industry in the town.

To draw this work together and tied to the commitments in the new Making Stevenage Even Better Corporate Plan, the recently created the 'Stevenage Works Skills Framework' will drive the development of a centre of excellence in skills development in Stevenage through aligning and co-ordinating local partners assets and resources as well as augmenting skills provision to create further opportunity. The initial focus of this work has been centred around the STEM sector due to its importance and the links to the work with Mission 44, but over time we will look to build on this model with other sectors, such as Construction, Public Sector Services and Creative & Cultural industries.

## Industry Awards and Recognition

The council has entered initiatives from different service areas into various awards throughout the 2023/24 financial year. Achievements include

- being named as a finalist at the APSE Service Awards, for our work on the refurbishment of the North Block and the introduction of Co-Space, and being Highly Commended for Best Social Housing Initiative at the MJ Awards for Oaks Cross.
- finalist at the Local Government Chronicle Awards for Oaks Cross, and won at the Affordable Housing Awards for reducing homelessness and the Oaks Cross scheme.
- The Railway North multi-storey car park, which opened in May 2023, was awarded 'Best New Car Park' in a town or city at the 2023 British Parking Awards, alongside being the first car park in Hertfordshire to be awarded Park Mark Plus.
- Five council parks have achieved the prestigious "Green Flag" status.

## Ukraine and the Cost-of-Living Crisis

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

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

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

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

The welfare debt and advice team have supported 532 clients during 2023/24 with advice, signposting and referrals for help. This includes help with benefits, paying their household bills and accessing grants.

In addition to providing support for some of the most vulnerable in the community, the Council has been working closely with partners to promote the availability of local employment opportunities, and skills and training courses (including funding available to support access) to help raise awareness and confidence for people to increase income and improve their financial wellbeing.

The ongoing response to the crisis will remain under review and the approach will be adapted where appropriate to reflect changing circumstances along with the learning gleaned from local, regional and national interventions. Where possible, responses are being embedded into “business as usual” to ensure that support is available wherever and whenever people need it, recognising that the situation continues to impact different people in different ways at different times, and will continue to do so for some time.

Stevenage Borough Council currently operate a Housing Futures accommodation scheme for rough sleepers within Stevenage. The accommodation currently has 25 units which is managed by the Rough Sleeper Team. The team provide daily support to the residents and complete referrals to any relevant agencies to give wrap-around holistic support for all residents who may be experiencing issues with mental health, alcohol or substance misuse.

Housing Futures assisted 17 clients to move on into permanent secure housing in the year 2023/24. This scheme has been funded by the governments Rough Sleeper Accommodation Program (RSAP) which provided capital and revenue funding and is further supported through the Rough Sleeping Initiative 2022-2025 (RSI), however both funding streams ends on 31st March 2025 and further funding opportunities are uncertain.

## Partnership Working

During 2023/24, the Council continued to work closely in partnership with a range of organisations to deliver our shared objectives and meet the challenges facing the town and its residents.

As mentioned previously, the Stevenage Together Partnership met during the year to oversee area-wide responses to key challenges facing the Town, including the cost of living crisis. The Partnership includes representation from the Council; public sector partners including Hertfordshire County Council, Hertfordshire Constabulary, North Hertfordshire College and the Department of Work and Pensions; voluntary and community sector partners including Citizens Advice, Mind in Mid Herts, Stevenage Credit Union; private sector partners including the Stevenage Development Board and WENTA; and other key local partners including Stevenage Football Foundation and Knebworth House.



There continues to be strong partnership working to tackle community safety issues through the implementation of the SoSafe Community Safety Strategy (2021-2024). In 2023/24 the So Safe partnership prioritised the following areas:

- Diverting young people from becoming involved in crime and ASB
- Provide safe reporting and support to domestic abuse survivors and victims of modern slavery
- Promote reporting of Hate Crime and inequality in the community
- Tackle the harms caused by drugs and alcohol
- Work with partners to encourage reporting of crime and address perception of crime

The collaborative work with partners & residents to promote the reporting of crime and Anti-Social Behaviour (ASB), and the projects identified in the Action Plan have been key to decreasing crime and improving community safety locally. Central to the Council's progress in this area, has been the SADA (Stevenage Against Domestic Abuse) and the Friends of SADA Charity. Both have been working with partners to complete a piece of work around deprivation and the links to domestic abuse. In the last twelve months the service has issued over 60 food parcels, set up food banks in schools and gifted food vouchers, as well as helping with housing deposits, travel costs for hospital appointments, purchasing school uniform and arranging for Christmas presents and outings.

## Climate Change

Another key partnership arrangement is the work on climate change with the County Council, all 10 District Council's and the Herts LEP through the Hertfordshire Climate Change & Sustainability Partnership (HCCSP). Through the partnership the Council has been able to tackle some of the wider issues which are beyond the scope or direct control of individual local authorities. In 2023/24 the fifth strategic action plan on Behaviour Change was approved for implementation, providing an overview of regional activity related to climate change and sustainability and aligning messages across the county.

Through its own Climate Change Strategy (2020) the Council is committed to achieving net zero by 2030. Improving transport and developing sustainable travel solutions is central to this approach. In addition to the regeneration of the Bus Station and Multi Storey Car Park additional, funding has been secured through the County Council and Department of Transport's Active Travel Fund (AFT). The funds will deliver a new cycling and walking enhancement scheme as part of the Council's Local Cycling and Walking Infrastructure Plan. The scheme will provide a new 2-way cycle route by reallocating existing road space and ensuring improved travel options for pedestrians and cyclists.

## 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 2023/24 explains how the Council has continued to comply with the Local Code, summarises the review of its governance arrangements and identifies areas of governance to be strengthened and outlines actions to strengthen areas identified. This includes actions identified by the Shared Internal Audit Service, or that are considered important in the management of 'very high/high level' strategic risks.

**Matt Partridge**

**Chief Executive**

**12 February 2025**

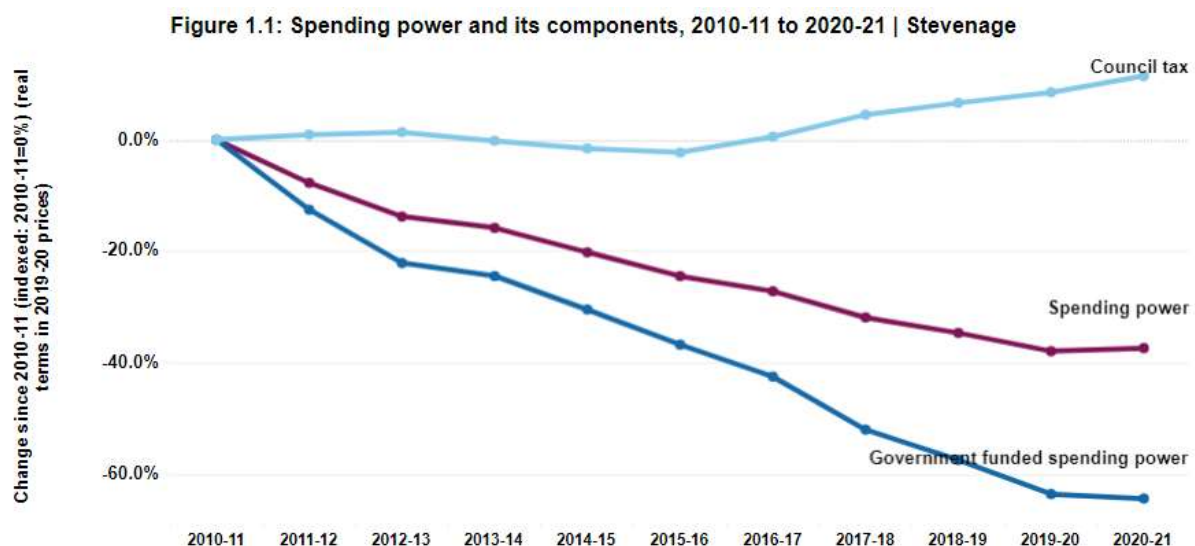
## Narrative Statement

### 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.

The impact on Stevenage has been for our General Fund services, a reduction of £5.3M since 2010 in government grants, which have required the Council to find cumulative savings of £14Million when inflationary costs are also taken into consideration. COVID affected the Council's finances during 2020/21-2021/22 (an estimated £3Million cost) as has the cost of living crisis due to higher inflation (estimated £1.7Million inflationary pressures for 2023/24). The ability to set a balanced budget and retain the same level of services has been curtailed as legislation has limited increases for District Councils at below 2% up to 2017/18, 2% or £5 on a Band D property to 2023/24 and 3% thereafter, without triggering a local referendum vote. This small increase allowable from 2023/24 still means that the council faces a real term cut in spending power next year as inflation and demand for services outstrips the new funding support.

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).



This reduction in CSP, comes at a time when 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 new pressures, and a move to less certainty over funding, make it impossible for services to be funded at their previous levels.

## Budget setting and The Medium-Term Financial Strategy

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

The MTFS is regularly updated to ensure that a clear financial position for the Council can be demonstrated over the next five years. This medium term view of the budget gives a mechanism by which future 'budget gaps' can be identified allowing for a measured rather than reactive approach to reducing net expenditure. The Balancing the Budget (BTB) year round approach to identifying budget options means that work is on-going throughout the year to bridge the gap. The MTFS aims to:

- Ensure the level of reserves remains appropriate
- Achieve an on-going balanced budget (by ensuring inflationary pressures are matched by increases in fees and income or reductions in expenditure)
- Identify service delivery trends, changes in legislation etc. to accurately predict levels of spend in the future.
- Ensure the HRA has the sufficient balances to fund the level of borrowing to fund improvements to council houses and deliver the commitment for new housing.
- Identify saving targets (Balance the Budget – BTB) to ensure that both the General Fund and HRA remain financially resilient.
- Increase value for money.

## The impact of COVID and the Cost of Living crises

The impact of Covid and the cost of living crises have increased financial risk to Councils with resultant increases in inflation and lower fees and charges. Unfunded inflationary increases absorbed by the council since 2014/15 exceed £7M. The Council has however taken/approved a number of financial resilience measures which increase the security of the Council's position, the main ones are:

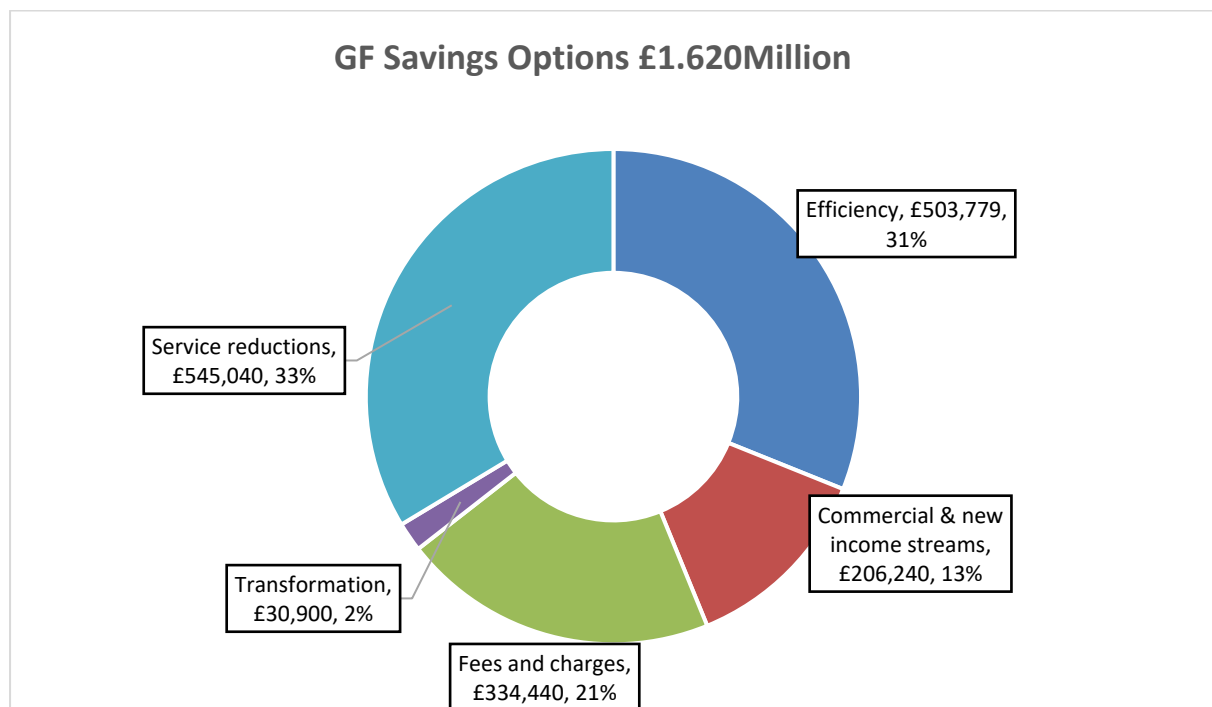
- A risk assessment of balances to ensure general reserves held take the increased risk from recessionary pressures into account.

- The income equalisation reserve which can be returned to the General Fund if fees and charges are lower than projected.
- Reduce the use of reliance on revenue Contributions by identifying sites for disposal and using capital receipts rather than revenue (September 2020 MTFS report).
- Identification of a sufficient level of on-going Balancing the Budget options to ensure the General Fund is above or at the minimum level of balances.
- A transformation programme to deliver savings for both the General Fund and HRA.
- A Commercial and Insourcing Strategy to look for opportunities to increase the Council's income from new commercial options, ensuring fees and charges are set based on the cost of services and any insourcing opportunities.

## 2023/24 Financial Position

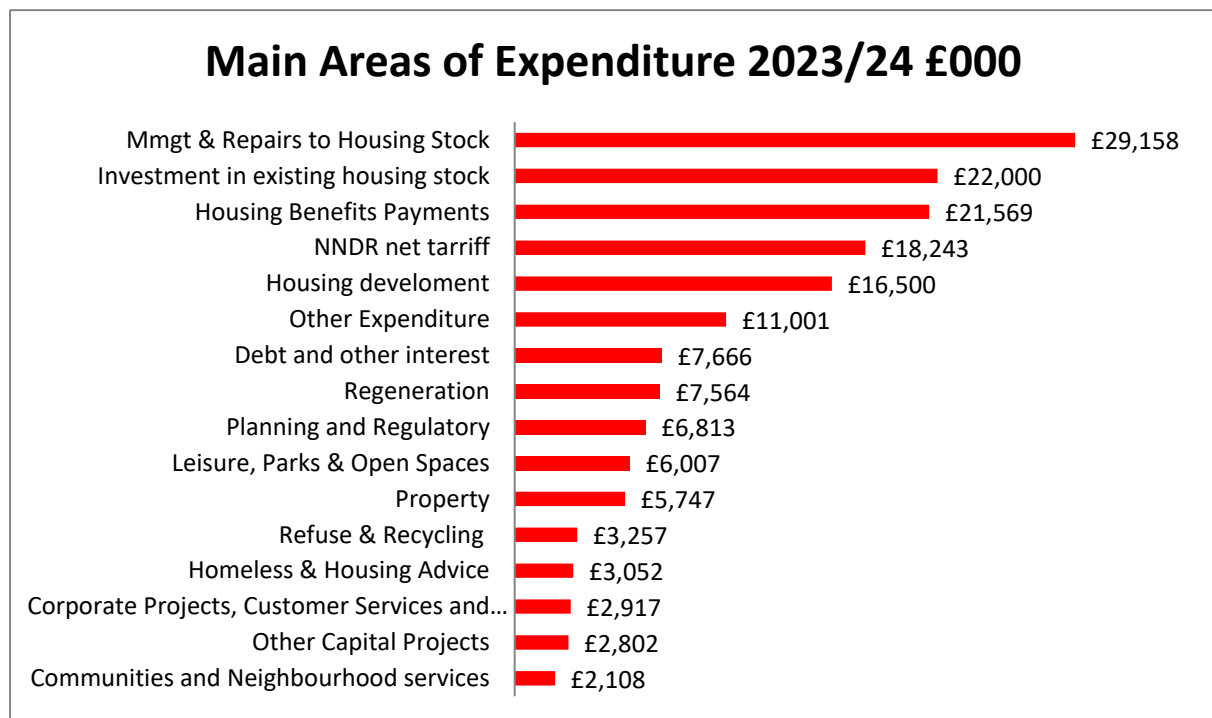
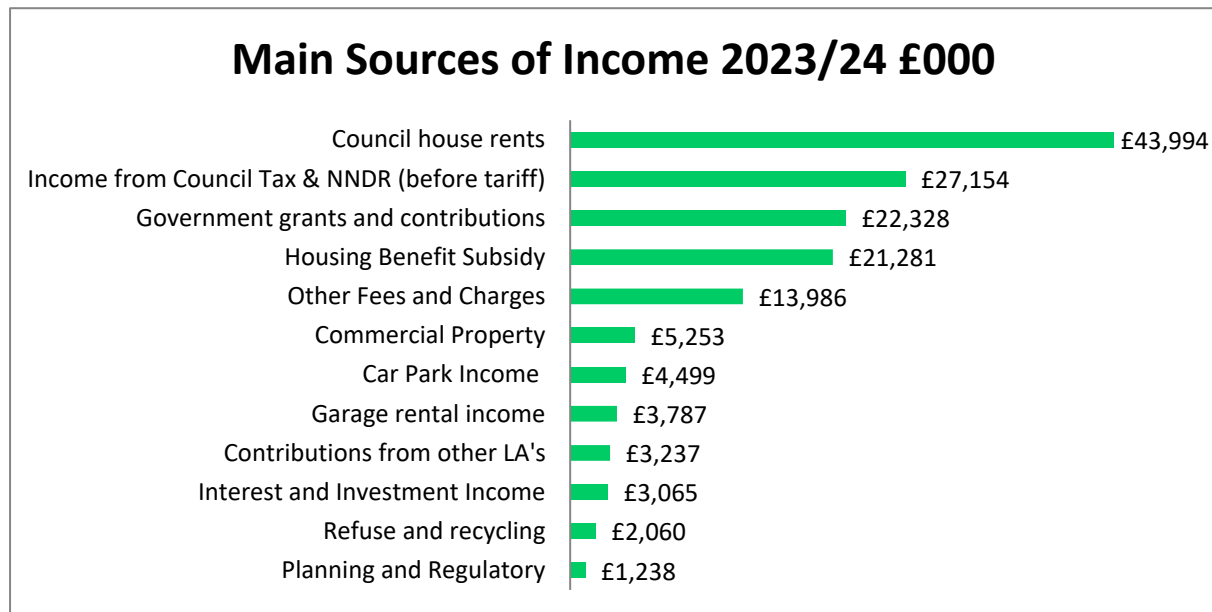
### Savings

Savings delivery has become a key part of setting a balanced budgets and ensuring the council is financially sustainable. The graph below shows the general fund savings targets for 2023/24, approved by Council on 23 February 2023.



The Council provides a wide range of services to the residents of Stevenage including refuse and recycling collections, leisure facilities including children's play schemes and maintenance of the public open spaces in the district. In addition, the Council helps to keep the residents safe with responsibility for environmental health issues and ensuring new buildings comply with legislation. The Council also has a responsibility to help homeless families and to administer housing benefit

claims. To pay for these services the Council receives money from a number of sources. The following charts show the main sources of our income and where we spend it for our residents and tenants.



## Risk and Opportunities

The Future Town Future Council (FTFC) programme is an ambitious programme for Stevenage and this brings a level of risk for the Council. The Council maintains a Strategic Risk register which is reported to the Senior Leadership Team (SLT), Corporate Risk Group and our Audit Committee on a quarterly basis. This register includes all the top perceived risks for the Council and includes

actions to mitigate risk. In addition, any decisions taken by our Members are considered taking into account financial, legal and identified risks.

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

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

<b>Expenditure and Income</b>	<b>Impacted by</b>	<b>Risk (to increase cost)</b>
<b>Inflation</b>	Although price increases around utilities and fuel have fallen, there is still huge volatility in the market with the continual war in Ukraine.	<b>medium</b>
<b>Inflation</b>	The MTFS assumes a 3.5% pay award for 2024/25, a continuation of higher inflation may drive much higher pay negotiation outcomes (see also para 4.2.2)	<b>high</b>
<b>Inflation</b>	Projections for inflation will continue to exacerbate inflationary pressures in the General Fund and HRA for pay, goods and services, although month on month inflation increase has fallen, the base still includes the higher increases at circa 10%. (August CPI 6.2%, October CPI 4.6%, December 4%)	<b>high</b>
<b>Demand for services</b>	There may be an increase for support services such as homeless and advice and this puts further pressure on the Council's budgets	<b>medium</b>
<b>Fees and Charges</b>	The continual impact of 'Cost of Living Crisis' may impact the Council's fees and charges income which is required to support the funding of services.	<b>medium</b>
<b>Core funding</b>	The government has not signalled any new funding for the Public Sector and the MTFS includes a 'status quo' for grant funding, there is a risk that funding could be reduced will be removed. The IFS have estimated that, based on reasonable assumptions about what may be needed for the NHS and schools and existing commitments on defence, overseas aid and childcare, funding for other services in England may need to be cut by an average of over 3% per year in real-terms.	<b>high</b>



Expenditure and Income	Impacted by	Risk (to increase cost)
Core funding	Grant funding for new burdens is announced annually such as homeless or rough sleeper funding which makes recruitment and retention difficult on a permanent basis	high
Core funding	There is uncertainty around future years government funding.	high

## Strategy and Resource Allocation

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



**Transformation** by improving customer access to services through digital means and improving and 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 which includes:

“To ensure the financial resilience of the General Fund that any net funding gap is reduced by 2027/28”.

## Financial Performance

### General Fund 2023/24 Outturn Position

The 2023/24 actual General Fund net expenditure was £712K lower than the revised working budget. A summary of the working budget versus outturn is shown below.

General Fund Outturn Position £000	2023/24 Latest budget	2023/24 Outturn	Variance
Services Net Expenditure	13,743	13,397	(346)
Core Resources	(12,380)	(12,746)	(366)
<b>General Fund Outturn Position</b>	<b>1,363</b>	<b>651</b>	<b>(712)</b>
Balance Brought Forward	(5,954)	(5,954)	0
Use of balances	1,363	651	(712)
<b>Balance Carried Forward</b>	<b>(4,591)</b>	<b>(5,303)</b>	<b>(712)</b>

The 2023/24 actual Services Net Expenditure on the General Fund was £13.4Million, compared to a budget of £13.7Million. The in-year underspend (before the consideration of any carry forward requests) was £346K. As part of this figure, £283K relate to timing delays and are committed costs for 2024/25.

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

£000	Over / (Underspend)	Timing delays	Total
<b>Supplies &amp; Services:</b>	-	-	-
Cost of shared services	66	-	<b>66</b>
Car Park internet connectivity	160	-	<b>160</b>
Bed & Breakfast costs	(74)	-	<b>(74)</b>
External Audit fees	(68)	-	<b>(68)</b>
Garages	-	(90)	<b>(90)</b>
Climate Change grants	-	(70)	<b>(70)</b>
Trade Waste Disposal Costs	74	-	<b>74</b>
Investment Income	(129)	-	<b>(129)</b>
On-street Car parks income	(92)	-	<b>(92)</b>
<b>Funding Capital:</b>	-	-	-
Direct Revenue Financing	-	(123)	<b>(123)</b>
<b>Total</b>	<b>(63)</b>	<b>(283)</b>	<b>(346)</b>

## 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	2022/23 Actual £'000	2023/24 Actual £'000	2024/25 Original budget £'000
Opening Balance	6,908	5,954	4,763
In Year Contribution to/(from) reserves	(954)	(651)	0
Closing Balance	5,954	5,303	4,763
Earmarked Reserves	5,556	8,758	6,771

The planned draw-down of £1.340Million in the working budget would have reduced the GF Balances to £4.613Million at 31 March 2024. In the event, the actual position was a £0.65 Million, drawn from reserves so that General Fund Reserve totalled £5.303 Million at year-end.

## Housing Revenue Account (HRA) 2023/24 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 £517k (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	2023/24 Budget £	2023/24 Outturn £	Variance £
HRA Balance Brought Forward	(10,519)	(10,519)	-
In Year (Surplus) / Deficit	(517)	(106)	411
Late depreciation charge	0	41	41
HRA Balance Carried Forward	(11,036)	(10,584)	452

The 2023/24 actual HRA net surplus was £0.45Million 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. However, at the time of the self-financing settlement the HRA took loans totalling £196.911Million, an amount determined by and payable to The Secretary of State, 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 2023/24 included:

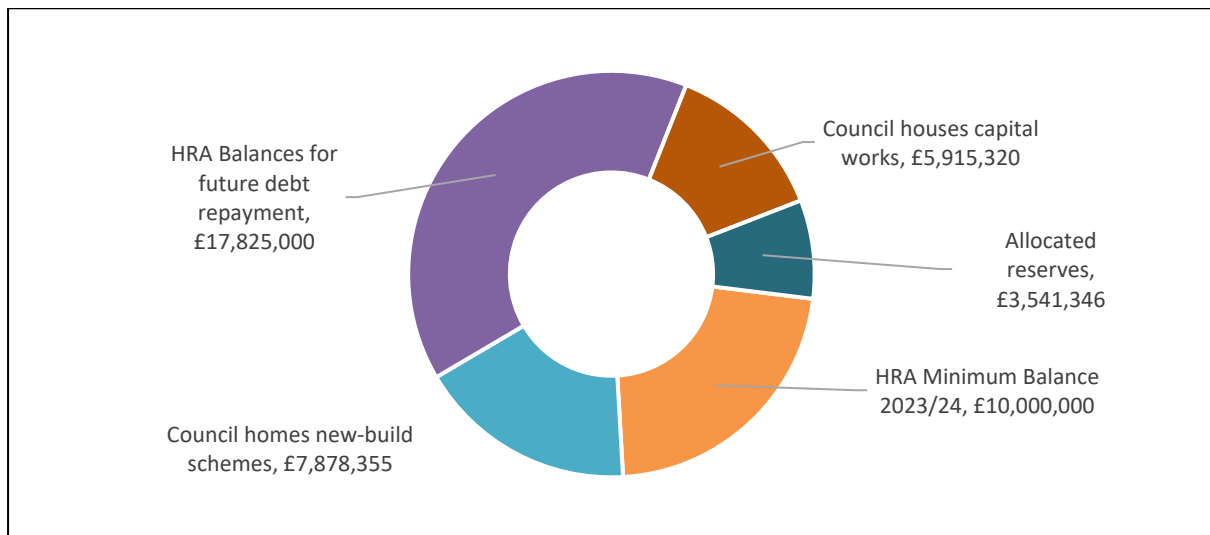
- Securing further funding from the Government's Social Housing Decarbonisation Fund to continue work on bringing existing stock up to the energy efficiency standard of EPC- C.
- Embedding new Government regulations on tenant satisfaction and building safety into the housing service and developing communications to increase tenant awareness and involvement in the provision of social housing at the Council.
- During the year 16 properties were acquired by the Council and a further 54 new build properties were also added to the letting stock, as a large development programme on a site at Kenilworth Road is coming to completion. Work on this site will continue into next year with the addition of a brand new independent living facility.

During the financial year 2023/24, 20 council homes were sold under the Right to Buy scheme and the Council's closing stock of council homes at 31 March 2024 was 7,915 (7,943 properties at 31 March 2023).

### **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 risk assessment identified HRA balances of £3.31Million was update to £10Million as part of the HRA BP review in November 2023. This recognised the additional balances needed to repay the current HRA loans (minimum level, standing at £246Million at 31 July 2024, of which £195Million related to a one off payment to the Government as a result of the self-financing settlement on the 28 March 2012.



The HRA also holds specified reserves for the replacement of sold Council houses through the Right to Buy scheme of £7.9Million (restricted use) and for investment in the housing stock of £5.9Million (capital expenditure use only).

HRA general balances were higher than the calculated minimum requirement for 2023/24, 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.
- Impact of the Government's White paper on standards and regulation within the sector.
- The costs associated with de-carbonisation and climate change.

### Usable Reserves

As at the 31 March 2024 the Council had total usable reserves of £79Million. Of this £70Million (89%) is earmarked or ring-fenced as below:

- Capital - £28Million, the Capital Receipts Reserve (£13Million) and Capital Grants Unapplied Reserve (£15Million) are statutory reserves and can only be used for specific purposes.
- HRA (including Major repairs reserve and Minimum reserves balance) - £30Million
- General Fund earmarked reserves - £9Million

- Minimum reserves balance (General Fund) - £3.4Million <sup>1</sup>

## Borrowing and Capital

As at the 31 March 2024, the Council had external PWLB borrowing of £235Million (£228Million at 31 March 2023). 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 £46.5Million on its capital programme in 2023/24; this included £22Million on its existing housing stock, £16.5Million on providing new homes, £3Million on the Regeneration and £5Million on other General Fund and HRA capital projects.

The Council funded £8Million of its capital programme from the sale of assets, (land and council house sales), which equates to 17%, (29% 2022/23) of the total funding. Grants and 3<sup>rd</sup> party payments made up £7Million of funding (15%) in 2023/24. Contributions from the Major Repairs Reserve (MRR) totalled £18.4Million (40%). The MRR is funded from the depreciation charge made from the HRA to the MRR to finance future capital investment. The residual was financed by revenue contributions to capital expenditure and internal borrowing and external borrowing.

## Pension Liability

The Council participates in the Local Government Pension Scheme. The scheme is administered by Hertfordshire County Council, and the impact of the pension liability is shown on the face of the balance sheet. As at 31 March 2024, the pension liability is £20Million which is an increase of £17Million from £3Million at 31 March 2023.

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

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

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<sup>1</sup> Council Tax and General Fund Report 2023-24

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 (update reported to the September 2023 Executive) is seen as the key option to seek to maintain as much as possible of the Council's remaining services by reducing the Council's financial footprint through the provision of more online services which will realise efficiency gains. This approach is deemed to be preferable to seeking year on year service cuts to meet the shortfall between funding and spend although it is likely that an element of year-on-year savings will still be required.

As agreed with Members the new 'Housing & Neighbourhoods' business unit has been created and work continues to implement the agreed improvement for customers and to internal ways of working. Members also agreed a number of further lines of enquiry for officers to work through with a view to them potentially being brought back for consideration as part of a future savings package to ensure the on-going financial resilience of the Council, together with further Transformation options to meet the BTB target.

In addition, it is imperative that the Council can continue to function and deliver services which means there is a need to review its service offer and the assets held to help withstand further inflationary and unfunded pressures as Local Government continues to operate within a period of financial uncertainty.

### **Basis of Preparation and Presentation of the Accounts**

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

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

The assessment of materiality also influences the Council's decision to produce Group Accounts. Each year the Council assesses the entities it exerts control or significant influence over to identify which fall within the group boundary. If the value of transactions for the group as a whole is material, Group Accounts are produced. The accounts for 2023/24 therefore consolidate Queensway Properties (Stevenage) LLP and Marshgate Ltd.



## Explanation of Accounting Statements

This Statement of Accounts for the year ended 31st March 2024 has been prepared and published in accordance with the Code of Practice on Local Authority Accounting 2023/24, issued by the Chartered Institute of Public Finance and Accountancy and the Accounts and Audit Regulations 2015.

The accounting policies adopted by the Council comply with the relevant recommended accounting practices and the latest revisions to these from 1 April 2023. There have been no major changes in the Council's statutory functions during the year.

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

### The Core Financial Statements are as follows:-

- The **Expenditure and Funding Analysis (EFA)**. The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's service departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement
- The **Comprehensive Income and Expenditure Statement (CIES)** - this shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the expenditure and funding analysis and the Movement in Reserves Statement.
- The **Movement in Reserves Statement (MIRS)** shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The net increase/decrease line shows the statutory General Fund balance and Housing Revenue Account (HRA) balance movements in the year following those adjustments.

- The **Balance Sheet (BS)** shows the value as at the Balance Sheet date of the assets and liabilities recognised by the council. The net assets of the council (assets less liabilities) are matched by the reserves held by the council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'adjustments between accounting basis and funding basis under regulations'.
- The **Cash Flow Statement** shows the changes in cash and cash equivalents of the council during the reporting period. The statement shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the council are funded by way of taxation and grant income or from the recipients of services provided by the council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the council.

### The Supplementary Financial Statements are:

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

### The Group Accounts include:

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

## The Annual Governance Statement

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

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

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

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

### Further Information

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

Email: [clare.fletcher@stevenage.gov.uk](mailto: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 2023. 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 2024 and its Comprehensive Income and Expenditure Statement for the year ended 31 March 2024.

**Clare Fletcher**

**Strategic Director (Chief Financial Officer)  
12 February 2025**

**Carolina Veres**

**Chair Audit Committee  
12 February 2025**

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# Statement of Accounts 2023/24

## Comprehensive Income &amp; Expenditure Statement for the year ended 31 March 2024

2022/23 Gross expenditure £'000	2022/23 Gross income £'000	2022/23 Net expenditure £'000	Comprehensive income and expenditure statement	Note	2023/24 Gross expenditure £'000	2023/24 Gross income £'000	2023/24 Net expenditure £'000
7,193	(2,185)	5,008	Community Services	-	5,476	(2,369)	3,107
25,841	(22,770)	3,071	Housing Services	-	25,163	(23,483)	1,680
21,869	(9,010)	12,859	Environmental Services	-	25,831	(9,323)	16,508
61	0	61	Local Community Budgets	-	61	0	61
15,652	(14,107)	1,545	Resources	-	10,535	(9,207)	1,328
4,825	(2,699)	2,126	Resources - Support	-	3,406	(2,324)	1,082
39,130	(45,984)	(6,854)	Housing Revenue Account	-	42,074	(50,232)	(8,158)
<b>114,571</b>	<b>(96,755)</b>	<b>17,816</b>	<b>Cost of Services</b>	-	<b>112,546</b>	<b>(96,938)</b>	<b>15,608</b>
-	-	(9,289)	Other Operational Expenditure	6	-	-	5,593
-	-	5,551	Financing & Investment Income and Expenditure	7	-	-	1,955
-	-	(21,397)	Taxation & Non-Specific Grant Income and Expenditure	8	-	-	(26,603)
-	-	<b>(7,319)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	-	-	-	(3,447)
-	-	2,786	(Surplus) or Deficit on revaluation of Property, Plant and Equipment assets	-	-	-	7,224
-	-	(61,031)	Remeasurement of the net defined benefit liability / (asset)	29	-	-	17,876
-	-	<b>(58,245)</b>	<b>Other Comprehensive Income and Expenditure</b>	-	-	-	<b>25,100</b>
-	-	<b>(65,564)</b>	<b>Total Comprehensive Income and Expenditure</b>	-	-	-	<b>21,653</b>



## Movement in Reserves Statement

Movements in Reserves during 2023/24	General Fund Balance £'000	HRA £'000	Earmarked General Fund Reserves £'000	Earmarked HRA Reserve £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 1 April 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 income and expenditure	2,749	(6,195)	-	-	-	-	-	(3,447)	25,100	21,653
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	-	-	-	-	-	-
<b>(Increase)/Decrease in Year 2023/24</b>	<b>651</b>	<b>(66)</b>	<b>(3,202)</b>	<b>90</b>	<b>5,543</b>	<b>1,411</b>	<b>(8,735)</b>	<b>(4,308)</b>	<b>25,961</b>	<b>21,653</b>
Balance at 31 March 2024 Carried Forward	(5,303)	(10,584)	(8,758)	(20,741)	(5,955)	(13,037)	(15,007)	(79,385)	(590,160)	(669,545)

## Movement in Reserves Statement (continued)

Movements in reserves during 2022/23	General fund £'000	HRA £'000	Earmarked general fund reserves £'000	Earmarked HRA reserve £'000	Major repairs reserve £'000	Capital receipts £'000	Capital grants unapplied £'000	Total usable reserves £'000	Unusable reserves £'000	Total council reserves £'000
Balance at 1 April 2022	(6,908)	(28,144)	(8,430)	(3,587)	(22,874)	(19,128)	(5,480)	(94,551)	(531,083)	(625,634)
Movement in reserves during 2022/23	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Expenditure and Income	2,186	(9,505)	-	-	-	-	-	(7,319)	(58,245)	(65,564)
Adjustments between accounting basis and funding basis under Regulations (Note 12)	1,642	9,886	-	-	11,376	4,680	(792)	26,792	(26,792)	-
Transfer to/from reserves	(2,874)	17,244	2,874	(17,244)	-	-	-	-	-	-
(Increase)/decrease in year 2022/23	954	17,625	2,874	(17,244)	11,376	4,680	(792)	19,473	(85,037)	(65,564)
Balance at 31 March 2023 carried forward	(5,954)	(10,519)	(5,556)	(20,831)	(11,498)	(14,448)	(6,272)	(75,078)	(616,120)	(691,198)

## Balance Sheet

31/03/2023 £'000	-	Note	31/03/2024 £'000	31/03/2024 £'000
878,025	Property, Plant & Equipment	17	878,688	-
450	Heritage Assets	16	417	-
25,500	Investment property	18	27,379	-
777	Intangible Assets	19	886	-
2,310	Long Term Investment	22	10	-
12,217	Long Term Debtors	24	3,249	-
22,370	Long Term Debtor - Queensway	24	21,994	-
<b>941,649</b>	<b>Total Long Term Assets</b>	-	-	<b>932,623</b>
31,600	Short Term Investments	22	24,800	-
1,790	Assets Held for Sale	27	3,338	-
288	Inventories	-	143	-
9,782	Short Term Debtors	24	20,521	-
9,708	Cash and Cash Equivalents	25	1,509	-
<b>53,168</b>	<b>Current Assets</b>	-	-	<b>50,311</b>
(236)	Short Term Borrowing	22	(422)	-
(36,675)	Short Term Creditors	26	(23,236)	-
(5,352)	Provisions	28	(4,361)	-
<b>(42,263)</b>	<b>Current Liabilities</b>	-	-	<b>(28,019)</b>
(16,488)	Queensway Finance Lease	22	(16,206)	-
(8,087)	Long term creditors	26	(8,188)	-
(227,487)	Long term borrowing	22	(234,987)	-
(5,882)	Long term borrowing (Queensway)	22	(5,788)	-
(3,007)	Pension Liability	29	(19,835)	-
(405)	Grants Receipts in Adv - Capital	26	(366)	-
<b>(261,356)</b>	<b>Long Term Liabilities</b>	-	-	<b>(285,370)</b>
<b>691,198</b>	<b>Net Assets</b>	-	-	<b>669,545</b>
(5,954)	General Fund	-	(5,303)	-
(10,519)	HRA Fund	-	(10,584)	-
(5,556)	Earmarked General Fund Reserves	13	(8,758)	-
(20,831)	Earmarked HRA Reserve	13	(20,741)	-
(32,218)	Other Usable Reserves	-	(33,999)	-
<b>(75,078)</b>	<b>Total Usable Reserves</b>	-	-	<b>(79,385)</b>
(616,120)	Unusable Reserves	15	-	(590,160)
<b>(691,198)</b>	<b>Total Reserves</b>	-	-	<b>(669,545)</b>

These financial statements are authorised by Clare Fletcher – Strategic Director (Chief Financial Officer) 12 February 2025.



Clare Fletcher

## Cash Flow Statement for the year ended 31 March 2024

2022/23 £'000	Cash Flow Statement	Notes	2023/24 £'000
(7,319)	Net (Surplus) or Deficit on the Provision of Services	-	(3,447)
(24,177)	Adjustments to Net (Surplus) or Deficit on the provision of Services for Non-Cash Movements	-	(16,229)
19,070	Adjustments for items in the Net (Surplus) or Deficit on the Provision of Services that are Investing or Financing Activities	-	22,371
<b>(12,426)</b>	<b>Net cash flows from Operating Activities</b>	<b>30</b>	<b>2,695</b>
14,256	Investing Activities	31	12,814
(5,181)	Financing Activities	31	(7,310)
<b>(3,351)</b>	<b>Net (Increase) or Decrease in Cash and Cash Equivalents</b>	-	<b>8,199</b>
6,357	Cash and cash equivalents at the beginning of the period	-	9,708
<b>9,708</b>	<b>Cash and Cash Equivalents at the End of Period</b>	<b>25</b>	<b>1,509</b>

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 £46.5Million on its capital programme in 2023/24; this included £22Million on its existing housing stock, £16.5Million on providing new homes, £3Million on the Regeneration and £5Million 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 12 February 2025. 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 2024, 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

2022/23 Net expenditure chargeable to General Fund and HRA balances £'000	2022/23 Adjustments (See note a) £'000	2022/23 Net Expenditure in the CIES[2] £'000	-	2023/24 Net expenditure chargeable to General Fund and HRA balances £'000	2023/24 Adjustments (See note a) £'000	2023/24 Net Expenditure in the CIES £'000
3,964	1,044	5,008	Community Services	2,389	718	3,107
2,870	201	3,071	Housing Services	1,732	(52)	1,680
6,371	6,488	12,859	Environmental Services	8,222	8,286	16,508
61	-	61	Local Community Budgets	61	-	61
(1,386)	2,931	1,545	Resources	(301)	1,629	1,328
657	1,469	2,126	Resources - Support	931	151	1,082
(8,170)	1,316	(6,854)	Housing Revenue Account	(7,804)	(354)	(8,158)
<b>4,367</b>	<b>13,449</b>	<b>17,816</b>	<b>Net Cost of Services</b>	<b>5,230</b>	<b>10,378</b>	<b>15,608</b>
-	(9,289)	(9,289)	Other Operational Expenditure	-	5,593	5,593
4,412	1,139	5,551	Financing & Investment Income and Expenditure	3,681	(1,726)	1,955
(6,016)	(15,381)	(21,397)	Taxation & Non-Specific Grant Income: Other	(12,802)	(13,801)	(26,603)
<b>2,763</b>	<b>(10,082)</b>	<b>(7,319)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>(3,891)</b>	<b>444</b>	<b>(3,447)</b>
<b>(35,052)</b>	-	-	<b>Opening General Fund and HRA balance</b>	<b>(16,473)</b>	-	-
2,763	-	-	Less / plus surplus or (deficit) on General Fund and HRA balance in Year	(3,891)	-	-
1,446	-	-	Other Adjustments non-CIES	1,365	-	-
14,370	-	-	Transfer to / (from) Earmarked Reserves	3,112	-	-
<b>(16,473)</b>	-	-	<b>Closing General Fund and HRA balance at 31 March[3]</b>	<b>(15,887)</b>	-	-

[2] CIES – Comprehensive Income and Expenditure Statement

[3] For a split of this balance between the General Fund and the HRA – see the Movement in Reserves

4.1 Note to the Expenditure and Funding Analysis

2022/23 Adjustments for Capital Purposes (a) £'000	2022/23 Net Change for Pensions Adjustments (b) £'000	2022/23 Other Differences (c) £'000	2022/23 Total Adjustments £'000	-	2023/24 Adjustments for Capital Purposes (a) £'000	2023/24 Net Change for Pensions Adjustments (b) £'000	2023/24 Other Differences (c) £'000	2023/24 Total Adjustments £'000
645	426	-27	1,044	Community Services	804	-86	-	718
5	196	-	201	Housing Services	5	-57	-	-52
5,187	1,336	-35	6,488	Environmental Services	8,626	-340	-	8,286
-	-	-	-	Local Community Budgets	-	-	-	-
2,873	57	2	2,932	Resources	1,650	-21	-	1,629
500	1,101	-133	1,468	Resources - Support	456	-305	-	151
-	1,340	-24	1,316	Housing Revenue Account	-	-354	-	-354
<b>9,210</b>	<b>4,456</b>	<b>-217</b>	<b>13,449</b>	<b>Net Cost of Services</b>	<b>11,541</b>	<b>-1,163</b>	-	<b>10,378</b>
-19,583	1,636	-5,584	-23,531	Other income and expenditure from the expenditure and funding analysis	-12,170	115	2,121	-9,934
<b>-10,373</b>	<b>6,092</b>	<b>-5,801</b>	<b>(10,082)</b>	<b>Difference between General Fund surplus or deficit and CIES surplus or deficit on the provision of services</b>	<b>-629</b>	<b>-1,048</b>	<b>2,121</b>	<b>444</b>



- 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:

2022/23 £'000	-	2023/24 £'000
-	<b>Income</b>	-
(38,365)	Fees, charges and other service income	(33,145)
(40,959)	Housing Rents	(43,994)
(2,557)	Interest and Investment Income	(3,068)
(25,932)	Income from Council Tax & Non-Domestic Rates (before tariff)	(27,154)
-	NNDR Share of deficit/(surplus)	627
(9,289)	(Gain)/Loss on the Disposal of Assets	-
(32,663)	Government Grants and Contributions	(42,920)
<b>(149,765)</b>	<b>Total Income</b>	<b>(149,654)</b>
-	<b>Expenditure</b>	-
39,671	Employee Benefits Expenses	36,634
31,196	Other Services and Support Recharges Expenses	35,934
25,177	Depreciation, Amortisation, and Revaluations	17,098
-	(Gain)/Loss on the Disposal of Assets	5,593
-	(Gain)/ Loss on the Revaluation of assets	3,204
8,171	Interest Payments	7,666
16,991	NNDR Tariff and Levy	18,509
21,240	Rent Rebates and Allowances	21,569
<b>142,442</b>	<b>Total Expenditure</b>	<b>146,207</b>
<b>(7,319)</b>	<b>Surplus/Deficit on the Provision of Services</b>	<b>(3,447)</b>

## 6. Other Operating Expenditure

2022/23 £'000	Other Operating Expenditure	2023/24 £'000
(9,289)	(Gains)/losses on the disposal of non-current assets	5,593
<b>(9,289)</b>	<b>Total</b>	<b>5,593</b>

## 7. Financing and Investment Income and Expenditure

2022/23 £'000	-	2023/24 £'000
8,171	Interest payable & similar charges	7,666
1,623	Net interest on the net defined benefit liability (asset)	115

2022/23 £'000	-	2023/24 £'000
(2,557)	Interest receivable & similar income	(3,068)
(1,830)	Income and expenditure in relation to investment properties and changes in their fair value	(2,956)
144	Other investment income and expenditure (indoor Market)	198
<b>5,551</b>	<b>Total</b>	<b>1,955</b>

## 8. Taxation and Non Specific and Specific Grant Income

2022/23 £'000	-	2023/24 £'000	2023/24 £'000
-	<b>Grants, contributions credited to taxation and non-specific grant income</b>	-	-
6,367	Council Tax income	6,587	-
2,574	Non-domestic rates income and expenditure	1,431	-
101	Council Tax Reform	-	-
449	Other Government Grants	2,654	-
<b>11,598</b>	<b>Non-ringfenced government grants</b>	-	<b>10,672</b>
9,799	Capital grants and contributions	-	15,931
<b>21,397</b>	<b>Total grants, contributions credited to taxation and non-specific grant income</b>	-	<b>26,603</b>
-	<b>Credited to services</b>	-	-
20,204	Housing Benefit Subsidy and administration grants	-	20,835
1,610	Other Housing and homelessness grants and contributions	-	1,901
750	Local Digital Future Councils	-	-
-	UK Shared Prosperity	-	247
627	Other	-	638
<b>23,191</b>	<b>Total grants, contributions credited to services</b>	-	<b>23,621</b>

## 9. Members Allowances

Total expenditure on Members' allowances (including expenses), as made under the Local Authorities (Members' Allowances) Regulations 2003, was £506,276 in 2023/24 (£490,822 in 2022/23).

Payments made outside the scheme for Mayoral Allowances totalled £18,333 in 2023/24 (£17,882 in 2022/23).

**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 £
<b>Remuneration 2023/24</b>	-	-	-	-
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
<b>Total remuneration in 2023/24</b>	<b>456,950</b>	<b>690</b>	<b>114,877</b>	<b>572,517</b>
<b>Remuneration 2022/23</b>	-	-	-	-
Chief Executive	128,918	566	37,669	167,153
Strategic Director and Deputy Chief Executive	108,212	153	30,300	138,665
Strategic Director (s151 Officer)	105,777	-	29,618	135,395
Strategic Director	98,477	-	27,574	126,051
<b>Total remuneration in 2022/23</b>	<b>441,384</b>	<b>719</b>	<b>125,161</b>	<b>567,264</b>

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 2022/23	Number of employees 2023/24
£50,000 - £54,999	23	27
£55,000 - £59,999	12	21
£60,000 - £64,999	5	13
£65,000 - £69,999	3	4
£70,000 - £74,999	2	3
£75,000 - £79,999	1	2
£80,000 - £84,999	2	-
£85,000 - £89,999	-	7
£90,000 - £94,999	1	-
<b>Total</b>	<b>49</b>	<b>77</b>

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.

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
<b>Total</b>	<b>7</b>	<b>-</b>	<b>7</b>	<b>349,078</b>

2022/23 Exit package cost band (including special payments)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total Cost of exit packages in each band
£0 - £39,999	4	-	4	109,153
£40,000 - £49,999	1	-	1	40,628
£50,000 - £149,999	1	-	1	63,012
<b>Total</b>	<b>6</b>	<b>-</b>	<b>6</b>	<b>212,793</b>

## 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 2023/24 financial year are shown in the table below. The appointed auditor for 2023/24 is Azets Audit Services Ltd ( 2022/23 - Ernst & Young LLP).

2022/23 £'000	Fees Payable	2023/24 £'000
134	Fees payable to the External Auditor (EY) with regard to external audit services carried out by the appointed auditor for the year.	-
-	Fees payable to the External Auditor (Azets) with regard to external audit services carried out by the appointed auditor for the year.	231
37	Fees payable to External Auditor for other services provided for the year.	28
171	-	259

## 12. Adjustments between Accounting Basis and Funding Basis under Regulations

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

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

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

social homes. As part of the new regime depreciation is now a real cost to the HRA and is transferred to the Major Repairs Reserve to finance future capital investment.

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

The **Capital Receipts Reserve** holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end. Part of the reserve can only be used towards the provision of additional council homes schemes and this was restricted to a maximum of 40% of scheme costs and the length of time to spend five years. On 31 March 2023, the Department for Levelling Up, Housing and Communities (DLUHC) flexed the rules allowing councils to retain 100% of these receipts for 2022-23 and 2023/24.

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

<b>2023/24 Adjustments between accounting basis and funding basis under regulations</b>	<b>Usable reserves general fund balance (see note 4) £000</b>	<b>Usable reserves housing revenue account (see note 4) £000</b>	<b>Usable reserves capital receipts reserve £000</b>	<b>Usable reserves major repairs reserve £000</b>	<b>Usable reserves capital grants unapplied £000</b>	<b>Unusable reserves £000</b>
<b>Adjustments to the revenue resources:</b> 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)	-	-	-	34,146
<b>Total adjustment to revenue resources</b>	<b>(18,971)</b>	<b>(17,279)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,221</b>
<b>Adjustments between revenue and capital resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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)
<b>Total adjustments between revenue and capital resources</b>	<b>13,673</b>	<b>22,943</b>	<b>(6,874)</b>	<b>(12,880)</b>	<b>(15,498)</b>	<b>(1,364)</b>
<b>Adjustments to capital resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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)
<b>Total adjustments between revenue and capital resources</b>	<b>-</b>	<b>555</b>	<b>8,285</b>	<b>18,423</b>	<b>6,762</b>	<b>(34,026)</b>
<b>TOTAL ADJUSTMENTS</b>	<b>(5,299)</b>	<b>6,219</b>	<b>1,411</b>	<b>5,543</b>	<b>(8,735)</b>	<b>861</b>



<b>2022/23 Adjustments between accounting basis and funding basis under regulations</b>	<b>Usable reserves general fund balance (see note 4)</b>	<b>Usable reserves housing revenue account (see note 4)</b>	<b>Usable reserves capital receipts reserve</b>	<b>Usable reserves major repairs reserve</b>	<b>Usable reserves capital grants unapplied</b>	<b>Unusable reserves</b>
<b>Adjustments to the revenue resources: Adjustments by which income and expenditure included in the comprehensive income &amp; expenditure statement are different from revenue for the year calculated in accordance with statutory requirements</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Pensions costs (transferred to / from the pensions reserve)	(4,265)	(1,826)	-	-	-	<b>6,091</b>
Council tax and NDR (transfers to or from collection fund adjustment account)	5,619	-	-	-	-	<b>(5,619)</b>
Holiday pay (transferred to the accumulated absences reserve)	194	24	-	-	-	<b>(218)</b>
Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure (these items are charged to the capital adjustment account):	(12,235)	(13,156)	-	-	-	<b>25,391</b>
<b>Total adjustment to revenue resources</b>	<b>(10,687)</b>	<b>(14,958)</b>	-	-	-	<b>25,645</b>
<b>Adjustments between revenue and capital resources</b>	-	-	-	-	-	-
Transfer of non-current asset sale proceeds from revenue to capital grants and receipts unapplied	3,377	9,695	(13,072)	-	-	-
Transfer of capital grants and contributions to capital grants unapplied	8,454	1,045	-	-	(9,269)	<b>(230)</b>
Payments to the government housing receipts pool (funded by a transfer from the capital receipts reserve)	-	-	-	-	-	-
Posting of HRA resources from revenue to the major repairs reserve	-	13,156	-	(13,156)	-	-
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	215	-	-	-	-	<b>(215)</b>
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)	283	948	-	-	-	<b>(1,231)</b>
<b>Total adjustments between revenue and capital resources</b>	<b>12,329</b>	<b>24,844</b>	<b>(13,072)</b>	<b>(13,156)</b>	<b>(9,269)</b>	<b>(1,676)</b>
<b>Adjustments to capital resources</b>	-	-	-	-	-	-
Use of the capital receipts reserve to finance capital expenditure	-	-	17,752	-	-	<b>(17,752)</b>
Use of the major repairs reserve to finance capital expenditure	-	-	-	24,532	-	<b>(24,532)</b>
Application of capital grants to finance capital expenditure	-	-	-	-	8,477	<b>(8,477)</b>
Cash payments in relation to deferred capital receipts	-	-	-	-	-	-
<b>Total adjustments between revenue and capital resources</b>	-	-	<b>17,752</b>	<b>24,532</b>	<b>8,477</b>	<b>(50,761)</b>
<b>TOTAL ADJUSTMENTS</b>	<b>1,642</b>	<b>9,886</b>	<b>4,680</b>	<b>11,376</b>	<b>(792)</b>	<b>(26,792)</b>

### 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 2023/24.

Earmarked Reserves:	Balance as at 1 April 2022 £000	Transfer Out 2022/23 £000	Transfer In 2022/23 £000	Balance as at 31 March 2023 £000	Transfer Out 2023/24 £000	Transfer In 2023/24 £000	Balance as at 31 March 2024 £000
<b>General Fund:</b>	-	-	-	-	-	-	-
Regeneration SG1	381	(200)	84	265	(193)	154	226
Housing & Planning Delivery Grant	62	-	103	165	-	122	287
New Homes Bonus	479	(235)	8	252	-	-	252
Regeneration Assets	649	(108)	517	1,058	(169)	617	1,506
Town Centre	42	(30)	-	12	(12)	-	-
Capital Reserve	44	(24)	-	20	(20)	-	-
Insurance Mitigation	65	(13)	25	77	(6)	-	71
Income equalisation Reserve	258	-	200	458	-	300	758
NNDR Collection Fund	4,638	(3,984)	-	654	(28)	2,083	2,709
Homelessness Prevention	546	(116)	-	430	(38)	-	392
Transformation	506	-	208	714	(25)	-	689
IT	316	(122)	133	327	(137)	-	190
Leisure Risk	363	(213)	-	150	(10)	200	340
Commercial Property	41	-	-	41	-	-	41
Queensway Parking	40	-	40	80	-	42	122
Asylum seekers	-	-	50	50	-	450	500
Domestic Abuse Reserve	-	-	-	-	-	196	196
Digital Reserves	-	-	750	750	(291)	-	459
Stevenage Works	-	-	53	53	(33)	-	20
<b>Total</b>	<b>8,430</b>	<b>(5,045)</b>	<b>2,171</b>	<b>5,556</b>	<b>(962)</b>	<b>4,164</b>	<b>8,758</b>
<b>HRA Fund:</b>	-	-	-	-	-	-	-
Interest equalisation	3,423	-	-	3,423	-	-	3,423
Transformation	164	-	44	208	(90)	-	118
Debt Repayment Reserve	-	-	17,200	17,200	-	-	17,200
<b>Total</b>	<b>3,587</b>	<b>0</b>	<b>17,244</b>	<b>20,831</b>	<b>(90)</b>	<b>-</b>	<b>20,741</b>

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.
- **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.
- **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 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.
- **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:	Opening balance 1 April 2023 £'000	Other comprehensive income and expenditure 2023/24 £'000	Adjustments between accounting and funding basis 2023/24 adjustments to revenue resources £'000	Adjustments between accounting and funding basis 2023/24 capital and revenue financing £'000	Other movements £'000	Closing balance 31 March 2024 £'000
Revaluation reserve	(127,960)	7,224	-	-	1,405	(119,331)
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
<b>Total unusable reserves</b>	<b>(616,120)</b>	<b>25,100</b>	<b>36,250</b>	<b>(35,390)</b>	<b>0</b>	<b>(590,160)</b>

Unusable reserves:	Opening balance 1 April 2022 £'000	Other comprehensive income and expenditure 2022/23 £'000	Adjustments between accounting and funding basis 2022/23 adjustments to revenue resources £'000	Adjustments between accounting and funding basis 2022/23 capital and revenue financing £'000	Other movements £'000	Closing balance 31 March 2023 £'000
Revaluation reserve	(130,720)	2,786	-	-	(26)	(127,960)
Capital adjustment account	(450,672)	-	31,973	(53,691)	24	(472,366)
Deferred capital receipts reserve	(11,930)	-	-	(5,327)	-	(17,257)
Pensions reserve	57,946	(61,031)	6,092	-	-	3,007
Collection fund adjustment account	3,578	-	(5,619)	-	-	(2,041)
Accumulated absences account	715	-	(218)	-	-	497
<b>Total unusable reserves</b>	<b>(531,083)</b>	<b>(58,245)</b>	<b>32,228</b>	<b>(59,018)</b>	<b>(2)</b>	<b>(616,120)</b>

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

	Town centre £'000	War memorial £'000	Exhibits £'000	Civic regalia £'000	Total assets £'000
-					
<b>Cost or valuation</b>	-	-	-	-	-
<b>At 1 April 2023 at cost</b>	<b>833</b>	<b>53</b>			<b>886</b>
<b>At 1 April 2023 at insurance valuation</b>	-	-	<b>200</b>	<b>53</b>	<b>253</b>
<b>At 31 March 2024</b>	<b>833</b>	<b>53</b>	<b>200</b>	<b>53</b>	<b>1,139</b>
<b>Accumulated depreciation &amp; impairment</b>	-	-	-	-	-
<b>At 1 April 2023</b>	<b>(639)</b>	<b>(50)</b>	-	-	<b>(689)</b>
Depreciation charge	(31)	(2)	-	-	(33)
<b>At 31 March 2024</b>	<b>(670)</b>	<b>(52)</b>	-	-	<b>(722)</b>
<b>Net Book value</b>	-	-	-	-	-
<b>At 31 March 2024</b>	<b>163</b>	<b>1</b>	<b>200</b>	<b>53</b>	<b>417</b>
<b>At 31 March 2023</b>	<b>194</b>	<b>3</b>	<b>200</b>	<b>53</b>	<b>450</b>

Movement 2022/23	Town centre £'000	War memorial £'000	Exhibits £'000	Civic regalia £'000	Total assets £'000
<b>Cost or valuation</b>	-	-	-	-	-
<b>At 1 April 2022 at cost</b>	<b>833</b>	<b>53</b>			<b>886</b>
<b>At 1 April 2022 at insurance valuation</b>	-	-	<b>200</b>	<b>53</b>	<b>253</b>
<b>At 31 March 2023</b>	<b>833</b>	<b>53</b>	<b>200</b>	<b>53</b>	<b>1,139</b>
<b>Accumulated depreciation &amp; impairment</b>	-	-	-	-	-
<b>At 1 April 2022</b>	<b>(606)</b>	<b>(50)</b>	-	-	<b>(656)</b>
Depreciation charge	(33)	-	-	-	(33)
<b>At 31 March 2023</b>	<b>(639)</b>	<b>(50)</b>	-	-	<b>(689)</b>
<b>Net Book value</b>	-	-	-	-	-
<b>At 31 March 2023</b>	<b>194</b>	<b>3</b>	<b>200</b>	<b>53</b>	<b>450</b>
<b>At 31 March 2022</b>	<b>227</b>	<b>3</b>	<b>200</b>	<b>53</b>	<b>483</b>

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-Mar-23 £'000	Property, Plant and Equipment	31-Mar-24 £'000
1,625	Infrastructure Assets	1,547
876,400	Other Property, Plant and Equipment	877,141
<b>878,025</b>	<b>Total</b>	<b>878.688</b>

### Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information

deficits mean that this may not faithfully represent the asset position to the users of the financial statements. The council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation may not be measured accurately and may not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

**Movement of Infrastructure Assets in 2023/24**

<b>31/03/2023 £'000</b>	<b>Movements in 2023/24</b>	<b>31/03/2024 £'000</b>
<b>1,725</b>	<b>Net Book Value at 1 April</b>	<b>1,625</b>
92	Additions	189
-	Other movements in cost or valuation	(116)
(192)	Depreciation charge	(151)
<b>1,625</b>	<b>Net Book Value at 31 March</b>	<b>1,547</b>



<b>Movement in 2023/24</b>	<b>Council dwellings</b>	<b>Other land &amp; buildings</b>	<b>Vehicles, plant, &amp; equipment</b>	<b>Community assets</b>	<b>Surplus assets</b>	<b>Assets under construction</b>	<b>Total other property, plant &amp; equipment</b>
<b>Cost or Valuation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 1 April 2023</b>	<b>738,139</b>	<b>123,428</b>	<b>13,437</b>	<b>6,919</b>	<b>390</b>	<b>51,407</b>	<b>933,720</b>
Additions	24,799	4,712	3,056	326	-	10,841	43,734
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(15,130)	(4,095)	-	-	2,472	-	(16,753)
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)
Derecognition - Other	-	-	-	-	-	-	-
Assets reclassified (to)/from held for sale	10,395	11,181	-	-	-	(23,407)	(1,831)
Other movements in Cost or Valuation	57	(29)	(176)	-	-	(7)	(155)
<b>At 31 March 2024</b>	<b>746,806</b>	<b>126,294</b>	<b>14,112</b>	<b>6,215</b>	<b>3,238</b>	<b>38,811</b>	<b>935,476</b>
<b>Accumulated Depreciation &amp; Impairment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 1 April 2023</b>	<b>(48,356)</b>	<b>-</b>	<b>(6,433)</b>	<b>(2,532)</b>	<b>-</b>	<b>-</b>	<b>(57,321)</b>
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
Derecognition - Other	-	-	-	-	-	-	-
Other movements in depreciation and impairment	(56)	-	26	-	-	-	(30)
<b>At 31 March 2024</b>	<b>(50,581)</b>	<b>(469)</b>	<b>(5,592)</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>(58,335)</b>
<b>Net Book Value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 March 2024</b>	<b>696,225</b>	<b>125,827</b>	<b>8,519</b>	<b>4,522</b>	<b>3,238</b>	<b>38,810</b>	<b>877,141</b>
<b>At 1 April 2023</b>	<b>689,783</b>	<b>123,428</b>	<b>7,005</b>	<b>4,387</b>	<b>390</b>	<b>51,407</b>	<b>876,400</b>

**Other Property, Plant and Equipment**

<b>Movement in 2022/23</b>	<b>Council dwellings</b>	<b>Other land &amp; buildings</b>	<b>Vehicles, plant, &amp; equipment</b>	<b>Community assets</b>	<b>Surplus assets</b>	<b>Assets under construction</b>	<b>Total property, plant &amp; equipment</b>
<b>Cost or Valuation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 1 April 2022</b>	<b>724,331</b>	<b>113,984</b>	<b>10,330</b>	<b>5,710</b>	<b>383</b>	<b>38,466</b>	<b>893,204</b>
Additions	30,014	4,056	928	385	-	25,596	<b>60,979</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(15,291)	2,937	-	-	-	-	<b>(12,354)</b>
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(5,554)	-	-	-	-	<b>(5,554)</b>
Derecognition - Disposals	(2,902)	(3)	(52)	-	-	-	<b>(2,957)</b>
Assets reclassified (to)/from held for sale	1,987	7,933	2,231	-	7	(12,655)	<b>(497)</b>
Other movements in Cost or Valuation	-	75	-	824	-	-	<b>899</b>
<b>At 31 March 2023</b>	<b>738,139</b>	<b>123,428</b>	<b>13,437</b>	<b>6,919</b>	<b>390</b>	<b>51,407</b>	<b>933,720</b>
<b>Accumulated Depreciation &amp; Impairment</b>	-	-	-	-	-	-	-
<b>At 1 April 2022</b>	<b>(43,872)</b>	<b>(391)</b>	<b>(4,880)</b>	<b>(1,556)</b>	-	<b>(2)</b>	<b>(50,701)</b>
<b>Depreciation charge</b>	<b>(12,738)</b>	<b>(2,204)</b>	<b>(1,553)</b>	<b>(152)</b>	-	-	<b>(16,647)</b>
Depreciation written out to Revaluation Reserve	-	775	-	-	-	-	<b>775</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	7,691	1,831	-	-	-	-	<b>9,522</b>
Derecognition - Disposals	563	-	-	-	-	-	<b>563</b>
Derecognition - Other	-	(11)	1	(824)	-	2	<b>(832)</b>
<b>At 31 March 2023</b>	<b>(48,356)</b>	<b>0</b>	<b>(6,432)</b>	<b>(2,532)</b>	-	-	<b>(57,320)</b>
<b>Net Book Value</b>	-	-	-	-	-	-	-
<b>At 31 March 2023</b>	<b>689,783</b>	<b>123,428</b>	<b>7,005</b>	<b>4,387</b>	<b>390</b>	<b>51,407</b>	<b>876,400</b>
<b>At 1 April 2022</b>	<b>680,459</b>	<b>113,593</b>	<b>5,450</b>	<b>4,154</b>	<b>383</b>	<b>38,464</b>	<b>842,504</b>

Within the **Council dwellings** there are several properties which are likely to be sold within the next 12 months under the Right to Buy Scheme. As at the balance sheet date these properties were not actively marketed and nor is there any certainty as to which properties will be sold. However, based on the number of successful applications made in last few years it is estimated that 35 properties could be sold in 2024/25.

### Revaluations

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

General Fund properties' valuation certificates are dated 31 March 2024 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 2024 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.

### Impairment Losses

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

### Capital Contractual Commitments

At 31 March 2024 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 and equivalent figures have been provided for 31 March 2023.

<b>31-Mar-23 £'000</b>	<b>Capital Commitments</b>	<b>31-Mar-24 £'000</b>
24,706	Decent Homes and major repairs	15,425
20,365	Housing Regeneration (GF)	14,032
2,000	Town Centre Regeneration	-
<b>47,071</b>	<b>Total</b>	<b>29,457</b>

## 18. Investment Property

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

2022/23 £,000	-	2023/24 £,000
24,928	<b>Balance at Start of the Year</b>	25,500
496	Net Gains / (Losses) on Revaluation	1,840
-	Write Out of Impairments on Revaluations	-
496	<b>Net Gains / (Losses) from Movements in the Market Value of Investment Properties</b>	1,840
76	Additions	39
-	Reclassifications	-
25,500	<b>Balance at end of year</b>	27,379

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

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

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

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

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

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

### Highest and Best Use of Investment Properties

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

### Valuers

The investment property portfolio has been valued at 31 March 2024 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.

2022/23 £,000	-	2023/24 £,000
2,328	Rental Income from Investment Property	2,382
(994)	Direct Operating Expenses Arising from Investment Property	(1,266)
<b>1,334</b>	<b>Net Gain/ (loss)</b>	<b>1,116</b>

## 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:

2022/23 £000's	-	2023/24 £000's
-	<b>Balance as at 1 April</b>	-
1,455	Gross carrying amounts	1,674
(636)	Accumulated amortisation	(897)
<b>819</b>	<b>Net carrying amount at 1 April</b>	<b>777</b>
-	<b>Movements in year:</b>	-
219	Additions	323
-	Transfer In and Out	68
-	Other Movement	71
-	Disposal	(109)
(261)	Amortisation for the Period	(244)
<b>777</b>	<b>Balance at 31 March</b>	<b>886</b>
-	<b>Comprising:</b>	-
1,674	Gross carrying amounts	1,518
(897)	Accumulated amortisation	(632)
<b>777</b>	-	<b>886</b>

## 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.

2022/23 £'000	-	2023/24 £'000	2023/24 £'000
<b>304,947</b>	<b>Opening Capital Financing requirement</b>	-	<b>320,051</b>
-	<i>Capital investment:</i>	-	-
60,259	Property Plant and Equipment	43,923	-
8	Investment Property	39	-
219	Intangible Assets	323	-
760	Loans to Third Parties	-	-
512	Revenue expenditure funded from Capital under statute	2,164	-
6,644	Property, Plant and Equipment purchased under finance leases	-	-
68,402	-	<b>46,449</b>	-
-	<i>Sources of finance:</i>	-	-
(17,752)	Capital Receipts	(7,866)	-
(8,778)	Government Grants & Other Contributions	(7,133)	-
(24,532)	Major Repairs Reserve	(18,423)	-
(1,231)	Direct revenue contributions	(992)	-
<b>(52,292)</b>	<b>2023/24 Capital investment funding excluding borrowing</b>	<b>(34,414)</b>	-
16,112	Financing borrowing requirement increase as a result of 2023/24 Capital Investment	-	12,035
(214)	Statutory provision for the financing of capital investment charged against the General Fund (MRP)	-	(375)
(792)	Finance Lease Repayment and loan repayments	-	(685)
<b>15,104</b>	<b>Increase/(decrease) in Capital Financing requirement</b>	-	<b>10,975</b>
<b>320,051</b>	<b>Closing Capital Financing requirement</b>	-	<b>331,026</b>
-	<b>Explanation of movements in year</b>	-	
8,460	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	-	10,975
6,644	Assets acquired under finance leases	-	-
<b>15,104</b>	<b>Increase/(decrease) in Capital Financing requirement</b>	-	<b>10,975</b>

## 21. Leases

**Plant and Equipment:** Council as a Lessee – the council has no material leases.

**Property:** Council as Lessor - the authority currently leases 344 premises which include 187 shops, 35 workshops, 11 public houses, 10 surgeries and 101 miscellaneous. These leases are

accounted for on an operating lease basis. The rental receivable in 2023/24 was £3,671k, (2022/23 £3,749k).

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

31-Mar-23 £'000	Future minimum lease payments	31-Mar-24 £'000
2,974	Not later than one year	3,388
11,857	Later than one year and not later than five years	13,462
41,958	Later than five years	49,245
<b>56,789</b>	<b>Total</b>	<b>66,095</b>

#### Finance Lease Lessor: Property, Plant, and Equipment

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

31-Mar-23 £'000	Future minimum lease to Marshgate payments	31-Mar-24 £'000
55	Not later than one year	55
219	Later than one year and not later than five years	218
1,658	Later than five years	1,604
<b>1,932</b>	<b>Total</b>	<b>1,877</b>

**Finance Leases Lessor and Lessee: Property, Plant, and Equipment:** In 2018/19 the council acquired a 37-year head lease from Aviva for Queensway. This was immediately sublet to Queensway Properties (Stevenage) LLP for 37 years. (See also Group Accounts).

31/03/2023 £'000	Future minimum lease to Aviva payments	31/03/2024 £'000
1,210	Not later than one year	1,287
4,964	Later than one year and not later than five years	5,278
40,872	Later than five years	41,692
<b>47,046</b>	<b>Total</b>	<b>48,257</b>

31/03/2023 £'000	Future minimum lease from Queensway	31/03/2024 £'000
1,210	Not later than one year	1,287
4,964	Later than one year and not later than five years	5,278
40,872	Later than five years	41,692
<b>47,046</b>	<b>Total</b>	<b>48,257</b>

## 22. Financial Instruments

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

	Long Term 31-Mar-23 £'000	Long Term 31-Mar-24 £'000	Current 31-Mar-23 £'000	Current 31-Mar-24 £'000
-				
<b>Financial Assets</b>	-	-	-	-
<b>Investments</b>	-	-	-	-
Investment (LGA Municipal Bond)	10	10	-	-
Loans and Receivables	2,300	-	31,600	25,203
<b>Total Investments</b>	<b>2,310</b>	<b>10</b>	<b>31,600</b>	<b>25,203</b>
<b>Debtors (including Cash, Cash equivalents and Bank)</b>	-	-	-	-
Loans and Receivables	34,588	25,242	5,600	5,377
Cash and Cash Equivalents	-	-	9,708	1,106
<b>Total Debtors</b>	<b>34,588</b>	<b>25,242</b>	<b>15,308</b>	<b>6,483</b>
<b>Total Financial Assets</b>	<b>36,898</b>	<b>25,252</b>	<b>46,908</b>	<b>31,686</b>
<b>Financial Liabilities</b>	-	-	-	-
<b>Borrowings</b>	-	-	-	-
Queensway Aviva Borrowing	5,882	5,788	91	94
Financial liabilities at amortised cost	227,487	234,987	145	328
<b>Total Borrowings</b>	<b>233,369</b>	<b>240,775</b>	<b>236</b>	<b>422</b>
<b>Creditors</b>	24,980	24,422	4,271	5,784
<b>Total Financial Liabilities</b>	<b>258,349</b>	<b>265,197</b>	<b>4,507</b>	<b>6,206</b>

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



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

31-Mar-23 Financial Liabilities Measured at Amortised Cost £'000	31-Mar-23 Financial Assets: Loans and Receivables £'000	31-Mar-23 Total £'000	-	31-Mar-24 Financial Liabilities Measured at Amortised Cost £'000	31-Mar-24 Financial Assets: Loans and Receivables £'000	31-Mar-24 Total £'000
8,171	-	8,171	Interest Expense	7,666	-	7,666
<b>8,171</b>	-	<b>8,171</b>	<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>7,666</b>	-	<b>7,666</b>
-	(2,557)	(2,557)	Interest income	-	(3,068)	(3,068)
-	<b>(2,557)</b>	<b>(2,557)</b>	<b>Total income in Surplus or Deficit on the Provision of Services</b>	-	(3,068)	(3,068)
<b>8,171</b>	<b>(2,557)</b>	<b>5,614</b>	<b>Net (gain)/loss for the year</b>	<b>7,666</b>	<b>(3,068)</b>	<b>4,598</b>

### Fair Value Hierarchy

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

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

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

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

The Valuation Techniques Used to Determine Level Two Fair Values for Investments:

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

31-Mar-23 Carrying amount £'000	31-Mar-23 Fair Value £'000	-	31-Mar-24 Carrying amount £'000	31-Mar-24 Fair Value £'000
-	-	<b>Long Term Investments</b>	-	-
2,300	2,216	Long term loans & receivables	-	-
<b>2,300</b>	<b>2,216</b>	<b>Total</b>	-	-
-	-	<b>Loan Debt and Finance Leases</b>	-	-
6,707	6,707	LEP loan[2]	6,882	6,882
23,837	23,837	Finance lease and borrowing[3]	23,422	23,422
227,633	220,804	PWLB Debt	235,315	225,525
<b>258,177</b>	<b>251,348</b>	<b>Total</b>	<b>265,619</b>	<b>2,255,829</b>

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.

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

[3] Finance leases and borrowing are carried on the balance sheet at present value which is a reasonable to fair value

This shows a notional future loss (based on economic conditions at 31 March 2024) arising from a commitment to pay interest to lenders above current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £204.860Million 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 £222.353Million, 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.

<b>Schedule of PWLB loan repayments</b>	<b>£000</b>
Within 1 Year	-
Over 1 not over 2 years	500
Over 2 not over 5 years	28,056
Over 5 not over 10 years	55,100
Over 10 not over 15 years	100,663
Over 15 not over 20 years	45,158
Over 20 not over 25 years	5,510
<b>Total</b>	<b>234,987</b>

### **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 meet its commitments to make payments.
- 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 carried out by the Council's treasury team, under policies approved annually (in February prior to the financial year to which it relates) by the Council in the Annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

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

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

The Council's Treasury Management Strategy applicable from 1 April 2023 complies fully with the code of practice. Further details on the Council's Treasury Management Strategy can be found on Stevenage Borough Council's website.

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

Financial Institutions	Amount at 31 March 2024 £'000	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2024 %	Estimated maximum exposure to default & uncollectability 31 March 2024 £'000	Estimated maximum exposure to default & uncollectability 31 March 2023 £'000
Financial Institutions	A	B	C	(AxC)	-
Banks & Building Societies	19,500	-	-	-	-
Other Local Authorities	5,300	-	-	-	-
Other Counter parties	403	-	-	-	-
Trade Debtors	3,235	37%	37%	1,195	1,336
<b>Total</b>	<b>28,438</b>			<b>1,195</b>	<b>1,336</b>

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 2024. 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:

<b>Age of Sundry Debt</b>	<b>31-Mar-23 £'000</b>	<b>31-Mar-24 £'000</b>
less than 3 months	1,734	1,446
3-6 months	143	361
6 months - 1 year	117	259
over 1 year	321	241
<b>Total</b>	<b>2,315</b>	<b>2,307</b>

**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 2024, Deferred Capital Receipts totalled £17.2Million, (31 March 2023 £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 2024), the financial effect would be:

-	<b>£'000</b>
Increase in interest receivable on investments	(482)
Impact on Comprehensive Income & Expenditure Statement	(482)
Share of overall impact credited to the HRA	(349)
Share of overall impact credited to the GF	(134)

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:

<b>31-Mar-23 £'000</b>	<b>Short Term Debtors</b>	<b>31-Mar-24 £'000</b>
2,024	Trade debtors	2,040
2,047	Prepayments	2,482
334	Queensway LLP	19
-	Marshgate	8,963
5,377	Other receivable amounts	7,017
<b>9,782</b>	<b>Total</b>	<b>20,521</b>

<b>31-Mar-23 £'000</b>	<b>Long Term Debtors</b>	<b>31-Mar-24 £'000</b>
107	Building Control	107
173	Mortgages	173
22,370	Queensway LLP	21,994
11,938	Marshgate Ltd	2,969
<b>34,588</b>	<b>Total</b>	<b>25,243</b>

## 25. Cash and Cash Equivalents

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

31-Mar-23 £'000	-	31-Mar-24 £'000
2	Cash held by the Council	1
321	Bank current accounts	801
9,385	Short-term liquid deposits	707
<b>9,708</b>	<b>Total</b>	<b>1,509</b>

## 26. Creditors

31-Mar-23 £'000	Short Term Creditors	31-Mar-24 £'000
633	Trade Creditors	1,040
32,447	Other Creditors	18,930
497	Accumulated leave	497
3,098	Receipts in Advance	2,769
<b>36,675</b>	<b>Total Creditors</b>	<b>23,236</b>

31-Mar-23 £'000	Long Term Creditors	31-Mar-24 £'000
6,707	Local Enterprise Partnership (LEP)	6,883
405	Grants received in advance (Capital)	366
1,380	Marshgate Lease	1,305
16,488	Queensway Lease	16,206
<b>24,980</b>	<b>Total Creditors</b>	<b>24,760</b>

**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-Mar-23 £'000	-	31-Mar-24 £'000
<b>2,682</b>	<b>Balance outstanding at start of year</b>	<b>1,790</b>
469	Transfer from land & buildings	1,831
(1,361)	Assets sold	(283)
<b>1,790</b>	<b>Balance outstanding at year end</b>	<b>3,338</b>

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

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

## 28. Provisions

provisions include the following elements:

- **Insurance provision:** Provides for excesses relating to known claims.
- **Organisational Change Provision:** This provision was established to meet the costs arising from service efficiencies (identified as part of the budget setting process and service reviews).
- **Municipal Mutual Insurance (MMI) Provision:** MMI suffered substantial losses between 1990 and 1992, and these losses reduced MMI's net assets to a level below the minimum regulatory solvency requirement. In September 1992 MMI went in to "run off" and ceased to renew or take on new general insurance work. If a solvent "run off" cannot be achieved the Council may have to repay part of the claims already settled.
- **NDR Appeals Provision:** Business Rate Payers are entitled to appeal against the rateable value allocated to it by the Valuation Office Agency (VOA). From 1 April 2013 onwards, in the event that the appeal is successful, the Council is responsible for the Business Rate repayment to the business. This provision has been made based on the expected outcome of the appeals outstanding with the VOA as at 31 March 2024.
- **Leisure:** This provision is for contact costs arising up to 31 March 2023.
- **Water Rates:** For potential liability relating to historical water charges.



Provisions	Insurance £000	Organisational Change £000	MMI Insurance provision £000	NNDR Appeals £000	Leisure £000	Water Rates £000	Total £000
<b>Balance as at 1 April 2022</b>	<b>(349)</b>	<b>(284)</b>	<b>(83)</b>	<b>(3,943)</b>	<b>(300)</b>	<b>(2,290)</b>	<b>(7,249)</b>
Additional Provisions made in 2022/23	(819)	(286)	-	5,059	-	-	3,954
Amounts Used in 2022/23	746	232	-	-	-	-	978
Unused Amounts reversed in 2022/23	-	-	-	(3,035)	-	-	(3,035)
<b>Balance as at 31 March 2023</b>	<b>(422)</b>	<b>(338)</b>	<b>(83)</b>	<b>(1,919)</b>	<b>(300)</b>	<b>(2,290)</b>	<b>(5,352)</b>
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
<b>Balance as at 31 March 2024</b>	<b>(390)</b>	<b>(6)</b>	<b>(83)</b>	<b>(1,592)</b>	<b>-</b>	<b>(2,290)</b>	<b>(4,361)</b>

## 29. Pension

### Participation in Pension Schemes

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

The Council participates in the Local Government Pension Scheme administered by Hertfordshire County Council. The scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Hertfordshire County Council. This is a funded defined benefit career average salary scheme, meaning that the council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and HRA the amounts required by statute as described in the accounting policies note.

**Transactions Relating to Post-employment Benefits**

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

2022/23 £'000	-	2023/24 £'000
-	<b>Cost of service</b>	-
9,913	Current service costs	4,659
125	Past service costs	147
-	<b>Financing and Investment Income &amp; Expenditure</b>	-
7,160	Interest costs	9,172
(5,537)	Interest income on plan assets	(9,057)
<b>11,661</b>	<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the provision of Services</b>	<b>4,921</b>
-	<b>Other Post Employment Benefit Charged to the Comprehensive Income &amp; Expenditure Statement</b>	-
19,357	Return on plan assets (excluding the amount included in the net interest expense)	(8,373)
(1,819)	Actuarial gains and losses arising on changes in demographic assumptions	(1,246)
(93,996)	Actuarial gains and losses arising on changes in financial assumptions	(9,102)
15,427	Other Actuarial gains and losses	6,280
-	Asset Ceiling Adjustment	30,317
(61,031)	<b>Total Other Post Employment Benefit Charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>17,876</b>
<b>(49,370)</b>	<b>Total Post Employment Benefit Charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>22,797</b>
-	<b>Movement in Reserves Statement</b>	-
(11,661)	Reversal of net changes made to the Surplus or Deficit for the provision of Services for post-employment benefits in accordance with the Code	(4,921)
-	<b>Actual amount charged against the General Fund and HRA Balance for pensions in the year</b>	-
5,569	Employer's contributions payable to the scheme	5,969

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

<b>2022/23 £'000</b>	-	<b>2023/24 £'000</b>
<b>205,304</b>	<b>Opening fair value of Scheme assets</b>	<b>191,284</b>
5,537	Interest Income	9,057
c	<b>Re-measurement gain/(loss)</b>	-
(19,357)	The return on plan assets, excluding the amount included in the net interest expense	8,373
5,569	Contributions from employer	5,969
1,416	Contributions from employees into the scheme	1,531
(7,185)	Benefits paid	(8,743)
<b>191,284</b>	<b>Closing fair value of scheme assets</b>	<b>207,471</b>
<b>2022/23 £'000</b>	-	<b>2023/24 £'000</b>
<b>263,250</b>	<b>Opening Balance of Obligations</b>	<b>194,291</b>
9,913	Current Service Cost	4,659
7,160	Interest Cost	9,172
1,416	Contributions from Scheme participants	1,531
£'000	<b>Re-measurement gain/(loss)</b>	-
(1,819)	Actuarial gains/(losses) arising from changes in demographic assumptions	(1,246)
(93,996)	Actuarial gains/(losses) arising from changes in financial assumptions	(9,102)
15,427	Other experience	6,280
125,	Past Service costs	147
(7,185)	Benefits paid	(8,743)
<b>194,291</b>	<b>Closing balance</b>	<b>196,989</b>
<b>3,007</b>	<b>Net Pension Asset / Liability</b>	<b>(10,482)</b>
-	Asset ceiling adjustment	30,317
<b>3,007</b>	<b>Net Pension Liability after asset ceiling adjustment</b>	<b>19,835</b>

#### Basis for Estimating Assets and Liabilities

Assets and Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Hymans Robertson LLP, an independent firm of actuaries, has assessed Stevenage Borough Council's fund liabilities. The estimates for the Council are based on the latest formal valuation of the scheme as at 31 March 2024.

**Asset Ceiling**

The LGPS pension obligations provided by Hymens (2 May 2024), set out the current pension obligations within the LGPS fund as being a net asset of £10,482k. This was before any adjustment for the effect of an 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 (at bid values unless otherwise stated):

Period Ended 31 March 2023 Quoted Prices in active markets £'000	Period Ended 31 March 2023 Quoted prices not in active markets £'000	Period Ended 31 March 2023 Total £'000	Period Ended 31 March 2023 Percentage of Total Assets %	Asset Category	Period Ended 31 March 2024 Quoted Prices in active markets £'000	Period Ended 31 March 2024 Quoted prices not in active markets £'000	Period Ended 31 March 2024 Total £'000	Period Ended 31 March 2024 Percentage of Total Assets %
-	-	-	-	<b>Equity Securities:</b>	-	-	-	-
2,533	-	2,533	1%	Consumer	2,807	-	2,807	1%
1,118	-	1,118	1%	Manufacturing	3,255	-	3,255	2%
-	-	-	0%	Energy and Utilities	-	-	-	0%
962	-	962	1%	Financial Institutions	1,846	-	1,846	1%
1,505	-	1,505	1%	Health and Care	1,758	-	1,758	1%
3,359	-	3,359	2%	Information Technology	2,878	-	2,878	1%
-	-	-	0%	Other	-	-	-	0%
-	-	-	0%	<b>Debt Securities:</b>	-	-	-	-
-	-	-	0%	Corporate Bonds (investment grade)	-	-	-	0%
-	-	-	0%	Corporate Bonds (non-investment grade)	-	-	-	0%
14,067	-	14,067	7%	UK Government	10,577	-	10,577	5%
-	5,602	5,602	3%	Other	-	5,275	5,275	3%
-	-	-	0%	<b>Private Equity:</b>	-	-	-	-
-	18,126	18,126	9%	All	-	18,128	18,128	9%
-	-	-	0%	<b>Real Estate:</b>	-	-	-	-
-	16,165	16,165	8%	UK Property	-	14,297	14,297	7%
-	12,797	12,797	7%	Overseas Property	-	10,389	10,389	5%
-	-	-	0%	<b>Investment Funds and Unit Trusts:</b>	-	-	-	-
64,723	-	64,723	34%	Equities	78,337	-	78,337	38%
25,136	-	25,136	13%	Bonds	29,725	-	29,725	14%
-	-	-	0%	Commodities	-	-	-	0%
-	199	199	0%	Infrastructure	-	314	314	0%
1,788	12,949	14,737	8%	Other	1,555	12,691	14,246	7%
-	-	-	0%	<b>Derivatives:</b>	-	-	-	-
-	-	-	0%	Interest Rate	-	-	-	0%
-	-576	-576	0%	Foreign Exchange	-	604	604	0%
-	-	-	0%	<b>Cash and Cash Equivalents:</b>	-	-	-	-
10,832	-	10,832	6%	All	13,034	-	13,034	6%
<b>126,022</b>	<b>65,263</b>	<b>191,284</b>	<b>100.00%</b>	<b>Totals</b>	<b>145,772</b>	<b>61,698</b>	<b>207,471</b>	<b>100%</b>

**Principle Assumptions**

The principal assumptions used by the Actuary have been: -

2022/23	-	2023/24
-	<b>Mortality Assumptions:</b>	-
-	<b>Longevity at 65 for current pensioners:</b>	-
21.4	Men	21.3
24.2	Women	24
-	<b>Longevity at 65 for future pensioners:</b>	-
22.4	Men	22.2
25.7	Women	25.4
-	<b>Other Assumptions:</b>	-
3.00%	Rate of pension inflation	2.80%
3.50%	Rate of increase in salaries	3.30%
4.75%	Rate for discounting scheme liabilities	4.80%
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 March 2024	Liability split %'s as at 31 March 2024
Active members	67,018	34%
Deferred members	36,828	14%
Pensioner members	93,143	52%
<b>Total</b>	<b>196,989</b>	<b>100%</b>

**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 2024	Approximate % increase to Employer Liability	Approximate monetary amount increase (£'000)
0.1% decrease in Real Discount Rate	2%	3,510
1 Year Increase in member life expectancy	4%	7,880
0.1% increase in salary increase rate	0%	142
0.1% increase in pension increase rate (CPI)	2%	3,430

**Impact on the authority’s cash flow**

The objectives of the scheme are to keep employer’ contribution rates as consistent as possible to reduce additional funding pressures on employer bodies. In order to achieve this, the Fund obtains a valuation every three years, with new contribution rates set to achieve a fully funded position (100%). The current triennial valuation started on the 1<sup>st</sup> April 2022 with results received in January 2023. At present, funding levels are reported to Hertfordshire County Council Pension Committee on a quarterly basis from officers and consultants.

The total estimated contributions for current service cost expected to be made to the Pension Scheme for the period to 31 March 2023 will be approximately £5,828,000.

The weighted average duration of the defined benefit obligations for scheme members is 17 years, 2023/24 (17 2022/23)

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@hertsc.gov.uk](mailto:pensions.team@hertsc.gov.uk))

**30. Cash Flow Statement – Operating Activities**

The cash flows for operating activities include the following items:

2022/23 £'000	-	2023/24 £'000
(2,425)	Interest received	(2,760)
8,047	Interest paid	7,462

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

<b>2022/23 £'000</b>	-	<b>2023/24 £'000</b>
(16,870)	Depreciation	(16,870)
(4,760)	Impairment, Impairment Reversal and Revaluation of Non-Current Assets	(12,970)
496	Movement in Investment Property Values	1,840
(4,279)	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(4,658)
(261)	Amortisation	(228)
75	Increase/(Decrease) in inventories	(145)
7	Increase/(Decrease) in debtors	1,395
(1,415)	(Increase)/Decrease in creditors	13,377
1,897	(Increase)/Decrease in provisions	991
(6,092)	Movement in pension liability	1,048
133	Other non-cash items	(8)
<b>(24,177)</b>	<b>Total non-cash movements</b>	<b>(16,229)</b>

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

<b>2022/23 £'000</b>	-	<b>2023/24 £'000</b>
5,998	Capital Grants credited to surplus or deficit on the provision of services	15,497
13,072	Proceeds from the sale of property plant and equipment, investment property and intangible assets	6,874
<b>19,070</b>	<b>Total Investing or Financing cash movements</b>	<b>22,371</b>

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

<b>2022/23 £'000</b>	<b>Investing Activities</b>	<b>2023/24 £'000</b>
62,103	Purchase of property, plant and equipment, investment property and intangible assets	44,285
320,016	Purchase of short-term and long-term investments	417,927
(110)	Other payments for investing activities	-
(13,072)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(6,874)
(348,682)	Proceeds from short-term and long-term investments	(427,027)
(5,998)	Other receipts from investing activities	(15,497)



2022/23 £'000	Investing Activities	2023/24 £'000
14,256	<b>Net cash flows from investing activities</b>	<b>12,814</b>
2022/23 £'000	Financing Activities	2023/24 £'000
(5,181)	Cash Receipts of Short- and Long-term borrowing	(7,686)
-	Cash payments for the reduction of the outstanding liabilities relating to finance leases	376
<b>(5,181)</b>	<b>Net cash flows from financing activities</b>	<b>(7,310)</b>

### 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 0 Taxation and Non Specific and Specific Grant Income.

**Other Public Bodies:**

Payments between the Council and **Hertfordshire County Council (HCC)** amounted to £1,995,149 (2022/23, £1,189,679). 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 £643,412 in 2023/24 (£609,782 in 2022/23).

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 £559,250 in 2023/24 (2022/23 £432,690).

Further payments between the Council and Hertfordshire County Council are disclosed in the Collection Fund accounts, Note 29 Pension and Note 0 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 2023/24 is shown in Note 9 Members Allowances.

With reference to all of these organisations, of the 39 Members, 5 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 2023/24 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 2023/24, 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 2024 the company produced a profit before tax of £62k (2022/23 £12k). SBC's share of the profit is £22.2k. 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 and Marshgate Plc have been included in the Group Accounts section of this document.

## **33. Contingent Liabilities and Assets**

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

- The Council has signed a development agreement with Mace, its redevelopment partner for SG1. Should the council not be able to fulfil its development obligations penalty payments would be due to Mace.
- 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 2023/24 financial year and its position as at the year end of 31 March 2024. 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 2023/24 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** 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.

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

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



### Discretionary benefits

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

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

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

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

### ix. Financial instruments

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

#### Financial liabilities

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

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

#### Financial Assets

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

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

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

**Financial assets measured at amortised cost** (loans and receivables) are initially measured at fair value then subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure



Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

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

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

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

#### **Fair Value measurement of financial assets and liabilities**

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

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

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

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

The Valuation Techniques Used to Determine Level Two Fair Values for Investments:

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

**x. Government Grants and Contributions**

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

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

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

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

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the MIRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied to fund capital expenditure, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

**Community infrastructure levy**

The council has elected to charge a community levy (CIL). The levy is charges on new builds (chargeable developments for the council) with appropriate planning consent. The council

charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

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

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

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

- Acquisitions of heritage assets will be recognised at cost. However, where an asset is donated or acquired for less than fair value the asset will be recognised at valuation.
- Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.
- Depreciation will not be applied where a heritage assets has an indefinite life, however where there is evidence of physical deterioration or doubts arise as to the authenticity of the asset, the value of the assets will be reviewed. In addition assets held at current value will be reviewed with sufficient frequency as to ensure that the valuation is up to date.

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

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

**xii. Intangible assets**

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

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

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

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

Any gain or loss from the disposal or abandonment of an asset is posted to the other operating expenditure line on the Comprehensive Income and Expenditure Statement.

Where expenditure qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance and are therefore reversed out through the Movement in Reserves Statement and Capital adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

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

**xiii. Interests in companies and other entities**

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

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

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to the market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a net gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the

General Fund in the Movement in the Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts reserve.

**xvi. Joint operations**

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

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

**xvii. Leases**

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

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

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

**The Council as Lessee**

**Finance Leases**

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

Lease payments are apportioned between:

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

PPE recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the

assets estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

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

### **Operating leases**

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

### **The Council as Lessor**

#### **Finance Leases**

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

Lease rentals receivable are apportioned between:

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

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

When future rentals are received, the element for the capital receipt for the disposal is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not charged against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are

therefore appropriated to the Capital Adjustment Account from the General Fund in the Movement on Reserves Statement.

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

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

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

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

**Recognition**

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

**Measurement and valuations**

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

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

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

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where the DRC approach was used it was in accordance with RICS GN 6, titled "Depreciated Replacement Cost (DRC) method of Valuation for Financial Reporting". RICS GN6 requires



Modern Equivalent (ME) to be considered if properties are valued using the DRC method and this was applied to last year's review.

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

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

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

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

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

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

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

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



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

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

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

In regard to property assets the total value has been apportioned between its land and non-land (i.e. building) parts, with the latter representing the depreciable amount.

Where non-property assets (e.g. vehicles plant and equipment) have short useful lives, low value or both, depreciated historical cost is used as a proxy for current value.

### **Impairment**

Assets are assessed at each year-end as 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 50 years
Vehicles	up to 15 years
Plant and equipment	up to 40 years
Infrastructure assets:	
Short Life Paths and Hardstanding's	5 to 10years
Public Realm Works	30 to 40 years
Other	20 to 46 years

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

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

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

### **Componentisation**

The criteria applied by the Council for componentisation, is that where the cost of a component exceeds 15% of the cost of the asset, and there is a significant difference in depreciable life of a component, compared to the asset as a whole, the Council will componentise the asset, to ensure no material distortions in either the value of the asset 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.

**Contingent liability** arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the Council's control. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either the obligation cannot be measured reliably or where it is not probable that an outflow of resources will be required. Contingent liabilities are not recognised in the balance sheet but disclosed in a note to the accounts.

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

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

**xxi. Reserves**

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

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

**xxii. Revenue Expenditure Funded From Capital Resources Under Statute – General Fund** expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the

relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account is made: the amounts charged are then reversed out so that there is no impact on the Council Tax payer.

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

### **35. Accounting Standards issued but have not yet been adopted**

At the balance sheet date the following new standards and amendments to existing standards have been published but not yet adopted. The Council does not expect that the future adoption of the new standards and amendments will have significant impact on its statement of accounts.

- IFRS 16 Leases will be implemented to recognise a right-of-use asset on the Balance Sheet for all leases where the Council is the lessee (except where short-term or low value).
- IAS 1 Presentation of Financial Statements will be revised to further clarify the classification of liabilities as current or non-current and improve the information provided where the Council has a non-current liability with a covenant. These changes are not expected to significantly affect the amounts held in the Council's financial statements.

### **36. Critical judgements in applying Accounting Policies**

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

- The Council has also placed reliance on technical estimates supplied by third parties for the following:
  - Property valuations by Wilkes Head & Eve and Savills (UK) Limited
  - Pensions valuations by Hymans Robertson LLP

The council has received detailed reports from these sources outlining overall valuations and all the key assumptions, made in arriving at these final figures.

- Within the Council dwellings valuation there are several properties which are likely to be sold within the next 12 months under the Right to Buy Scheme. The Council does not classify these properties as "Held for Sale" as at the balance sheet date as these properties are not actively marketed and nor is there any certainty as to which properties will be sold.

- There is a degree of uncertainty about the future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities or materially reduce levels of service provision
- Infrastructure assets are measured on a depreciated historical cost basis. However, the accounting rules that applied before 1 April 1994 mean that the carrying amount only reliably includes expenditure of acquisition and enhancement incurred after this date. Expenditure incurred before this date is only included to the extent that it had not been financed before the end of the 1993/94 financial year.

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

- 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 and Marshgate Ltd 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 2024 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
<b>Pension liability</b>	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.
<b>Property, plant and equipment</b>	To ascertain the balance sheet valuation of buildings and land held by the Council various estimation techniques can be used. The estimation technique used must be compliant with RICS standards and will be dependent on information available to the valuer.	In preparing the balance sheet valuations as at 31 March 2023 of community assets Depreciated Replacement Cost (DRC) has been used by the Council's external valuers (Wilks Head and Eve (WHE)) as they have extensive experience of valuing local authority assets. It should be noted that Balance sheet valuations are not used when determining the sale price of council assets and DRC can be impacted by high levels of cost inflation.
<b>Property, plant and equipment</b>	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.
<b>Fair value valuations</b>	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.
<b>Provisions – NDR appeals</b>	The Authority has a provision of £1.6Million for its share of the expected outcome of NDR appeals outstanding with the VOA as at 31 March 2024.	If 10% of the appeals that we have provided for were unsuccessful this would mean a reduction of £160k in the provision.



Item	Uncertainties	Effect if actual results differ from assumptions
<b>Trade debtors and arrears</b>	At 31 March 2024, the Authority had a balance of trade debtors of £3.2Million. Against this debtors' balance, there is an impairment allowance of £1.2million. 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. The economic impact of high inflation and cost of living crisis has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their	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.
<b>Arrears NDR</b>	The NDR arrears balance of £982k at the Balance Sheet date is deemed to be at risk of material adjustment within the next year due to current economic circumstances meaning that businesses are struggling to pay. A review of significant balances suggested that an impairment of doubtful debts of 74.5% (£732k) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient	If collection rates were to deteriorate further, for every 1% reduction in collection rates, an extra £653k 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.

2022/23 £000	Expenditure	Note	2023/24 £000	2023/24 £000
10,784	Repairs & Maintenance	-	13,638	-
14,522	Supervision & Management	-	14,634	-
266	Rents, Rates, Taxes & Other Charges	-	518	-
12,738	Depreciation & Impairment of Non-Current Assets - HRA Dwellings	-	12,546	-
418	Depreciation & Impairment of Other Non-Current Assets	-	334	-
0	Revaluation gains/losses	-	0	-
402	Movement in the allowance for bad debts	-	368	-
<b>39,130</b>	<b>Total Expenditure</b>	-		<b>42,038</b>

2022/23 £000	Income	Note	2023/24 £000	2023/24 £000
(40,959)	Dwelling rents	HRA 1	(43,994)	-
(358)	Non-dwellings rents	-	(776)	-
(4,105)	Charges for Services & Facilities	-	(4,918)	-
(562)	Contributions towards expenditure	-	(508)	-
<b>(45,984)</b>	<b>Total Income</b>	-	-	<b>(50,196)</b>
<b>(6,854)</b>	<b>Net cost of HRA services as included in the comprehensive income &amp; expenditure statement</b>	-	-	<b>(8,158)</b>
1,107	HRA Services share of Corporate & Democratic Core	-	-	1,169
<b>(5,747)</b>	<b>Net income for HRA services</b>	-	-	<b>(6,989)</b>
(9,695)	Gain on sale of HRA Non-Current Assets	-	-	(1,940)
7,398	Interest payable	-	-	7,627
(903)	Interest receivable on revenue balances	-	-	(1,810)
(1,046)	Capital grants & Contributions receivable	-	-	(3,117)
487	Pension Interest and expected return on pension assets	-	-	34
<b>(9,506)</b>	<b>(Surplus)/Deficit for the year on HRA services</b>	-	-	<b>(6,195)</b>

## 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.

2022/23 £000	-	Note	2023/24 £000	2023/24 £000
(28,144)	<b>Balance on the HRA at the end of the previous year</b>	-	-	<b>(10,519)</b>
(9,505)	Deficit for the year on the HRA Income & Expenditure Statement	-	(6,195)	-
9,886	Adjustment between accounting basis and funding basis under statute	-	6,219	-
17,244	Transfer to earmarked reserves	13	(90)	-
17,625	(Increase)/Decrease in year on the HRA	-	-	(66)
<b>(10,519)</b>	<b>Balance on the HRA at the end of the year</b>	-	-	<b>(10,585)</b>

## 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 1.97% of let-able properties were vacant (in 2022/23 figure was 1.55%). Average rents (52 weeks basis) - excluding service charges - were £111.44 a week in 2023/24 (£103.58 in 2022/23).

## HRA 2. Rent and Supported Housing Payment Arrears

During the year 2023/24 rent arrears as a proportion of gross rent income were 5.93% (6.15% in 2022/23).

The bad debts provision stood at £1,945,827 at 31 March 2024 (£1,828,882 at 31 March 2023).

2022/23 £'000	-	2023/24 £'000
2,847	Arrears at 31 March	2,982
-	Amounts written off during the year	251

### HRA 3. Housing Stock Numbers

The stock movement can be summarised as follows: -

2022/23 No.	-	2023/24 No.
7,958	Stock as at 1st April	7,943
(40)	Right to Buy Sales	(20)
27	New Build acquisitions	70
(3)	Demolitions	(79)
1	Conversions/other	1
<b>7,943</b>	<b>Stock at 31st March</b>	<b>7,915</b>
5,070	Houses	5,051
2,873	Flats	2,864
<b>7,943</b>	<b>Total</b>	<b>7,915</b>

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

### HRA 4. Non-Current Asset Valuations

#### Housing Stock

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

-	£'000's
As at 31 March 2023	689,783
<b>As at 31 March 2024</b>	<b>696,225</b>
The Vacant Possession value of the dwellings as at 31 March 2024 was	1,828,726

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

Other noncurrent assets held by the HRA are detailed below:

31-Mar-23 £'000's	-	31-Mar-24 £'000's
31,395	Assets Under construction	27,667
486	Intangible Assets	454
869	Vehicles Plant & Equipment	3,130
<b>32,750</b>	<b>Total</b>	<b>31,251</b>

**HRA 5. Major Repairs Reserve (MRR)**

2022/23 £'000	2022/23 £'000	-	2023/24 £'000	2023/24 £'000
-	(22,874)	<b>Opening Balance as at 1st April</b>	-	(11,498)
-	-	<b>Transfers to the MRR -</b>	-	-
(12,738)	-	Depreciation of HRA Dwellings	(12,546)	-
(418)	-	Depreciation of other HRA Assets	(334)	-
-	(13,156)	-	-	(12,880)
-	-	<b>Transfers from MRR -</b>	-	-
-	24,532	Financing of HRA Capital Expenditure	-	18,423
-	(11,498)	<b>Closing Balance as at 31 March</b>	-	(5,955)

**HRA 6. Capital Expenditure, Financing & Receipts**

2022/23 £'000	-	2023/24 £'000
-	Capital Expenditure	-
23,557	Major Repairs & Improvements	21,164
5,740	New Council Housing	5,284
713	Disabled Adaptations	862
357	Equipment	77
13,600	Assets under construction	10,181
<b>43,967</b>	-	<b>37,568</b>
-	The Capital Expenditure was financed as follows:	-
5,240	Capital Receipts	3,879
5,891	Retained 1 for1 receipts	2,090
24,533	Major Repairs Reserve	18,429
3,730	Grants and Contributions	5,324
4,573	New Borrowing (internal)	7,846
<b>43,967</b>	-	<b>37,568</b>
-	Total Capital Receipts in 2023/24 from the sale of property within the HRA can be summarised as follows: -	-
2022/23 £'000	-	2023/24 £'000
-6,057	Right to Buy Sales	-3,326
-3,422	Other Land & Property *	-3,146
<b>-9,479</b>	-	<b>-6,472</b>
-	*Includes repayment of Right to Buy discounts	-

## Collection Fund Statement

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

2022/23 Council Tax £000	2022/23 Business Rates £000	2022/23 Total £000	-	2023/24 Council Tax £000	2023/24 Business Rates £000	2023/24 Total £000
-	-	-	<b>Income</b>	-	-	-
(56,365)	-	(56,365)	Council Tax Receivable	(59,616)	-	(59,616)
-	-	0	Council Tax Discount funded from Billing Authority	(112)	-	(112)
-	(44,595)	(44,595)	Business Rates Receivable	-	(44,364)	(44,364)
-	639	639	Transitional Payment Protection receivable	-	(4,607)	(4,607)
<b>(56,365)</b>	<b>(43,956)</b>	<b>(100,321)</b>	<b>Total income</b>	<b>(59,728)</b>	<b>(48,971)</b>	<b>(108,699)</b>
-	-	-	<b>Expenditure</b>	-	-	-
-	-	-	<b>Precepts, Demands and Shares</b>	-	-	-
42,826	4,423	47,249	Hertfordshire County Council	45,204	5,142	50,346
6,245	-	6,245	Hertfordshire Police Authority	6,700	-	6,700
<b>6,317</b>	<b>17,691</b>	<b>24,008</b>	<b>Stevenage Borough Council</b>	<b>6,540</b>	<b>20,568</b>	<b>27,108</b>
-	22,114	22,114	Central Government	-	25,709	25,709
-	-	-	<b>Charges to Collection Fund</b>	-	-	-
-	105	105	Costs of collection	-	108	108
-	49	49	Renewable Energy	-	2	2
116	123	239	Write offs of uncollectable amounts	249	24	273
180	(2)	178	Increase/(decrease) for impairment	389	(114)	275
-	(5,057)	(5,057)	Increase/(decrease) in provision for appeals	-	(818)	(818)
-	-	-	<b>Contribution in regard to previous year deficit/surplus</b>	-	-	-
334	(936)	(602)	Hertfordshire County Council	314	362	676
48	-	48	Hertfordshire Police Authority	46	-	46
<b>50</b>	<b>(3,745)</b>	<b>(3,695)</b>	<b>Stevenage Borough Council</b>	<b>46</b>	<b>1,448</b>	<b>1,494</b>
-	(4,682)	(4,682)	Central Government	-	1,810	1,810
<b>56,116</b>	<b>30,083</b>	<b>86,199</b>	<b>Total expenditure</b>	<b>59,488</b>	<b>54,241</b>	<b>113,729</b>
<b>(249)</b>	<b>(13,873)</b>	<b>(14,122)</b>	<b>Movement on fund balance deficit/(surplus)</b>	<b>(240)</b>	<b>5,270</b>	<b>5,030</b>
<b>(713)</b>	<b>9,151</b>	<b>8,438</b>	<b>Balance at beginning of year</b>	<b>(962)</b>	<b>(4,722)</b>	<b>(5,684)</b>
<b>(962)</b>	<b>(4,722)</b>	<b>(5,684)</b>	<b>Balance at end of year</b>	<b>(1,202)</b>	<b>548</b>	<b>(654)</b>

**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; (28,153.10 for 2023/24, 28,003.70 for 2022/23). The basic amount of council tax for a band D property £2,075.94 for 2023/24 (£1,977.88 for 2022/23) is multiplied by the proportion specified for the particular band to give an individual amount due.

Band	A (Disbld.)	A	B	C	D	E	F	G	H	TOTAL
Properties	0	1,697	6,786	21,639	3,324	3,214	944	432	15	38,051
Exemptions	0	-66	-160	-228	-34	-23	-9	-4	-4	-528
Disabled Relief	3	4	82	-79	22	-27	2	-5	-2	0
Discounts (25%)	2	1,149.85	4,159.66	6,534.57	803.53	575.34	132	57	1	13,414.95
Discounts (50%)	0	2	8	16	0	4	5	7	5	47
Council Tax Support Scheme	1.68	333.9	1,248.17	1,919.26	186.04	46.09	10.78	4.46	0	3,750.38
Empty Homes Premium	0	19	39	28	0	7	0	0	0	93
Effective Properties	0.82	1,035.30	4,515.74	17,843.44	2,977.74	2,983.08	890.72	400.79	6.25	30,653.88
Proportions	05-Sep	06-Sep	07-Sep	08-Sep	09-Sep	11-Sep	13-Sep	15-Sep	18-Sep	-
Band D Equivalents	0.46	690.2	3,512.24	15,860.84	2,977.74	3,645.98	1,286.59	667.98	12.5	28,654.53
Council Tax Base	Band D equivalent multiplied by collection rate of 98.25%	-	-	-	-	-	-	-	-	<b>28,153.10</b>

**CF 2. Non-Domestic Rates (NDR)**

The Government specified a multiplier of 51.2p in 2023/24 (51.2p in 2022/23) 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 2023/24 (49.9p in 2022/23). The rateable value for the Council's area is £124,299,301 at 31 March 2024 (£125,833,129 at 31 March 2023). 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%.

2022/23 Council Tax £000	2022/23 Business Rates £000	2022/23 Total £000	-	2023/24 Council Tax £000	2023/24 Business Rates £000	2023/24 Total £000
(744)	(472)	(1,216)	Hertfordshire County Council	(929)	55	(874)
(109)	0	(109)	Hertfordshire Police Authority	(138)	0	(138)
(109)	(1,889)	<b>(1,998)</b>	<b>Stevenage Borough Council</b>	(135)	219	<b>84</b>
0	(2,361)	(2,361)	Central Government	0	274	274
<b>(962)</b>	<b>(4,722)</b>	<b>(5,684)</b>	-	<b>(1,202)</b>	<b>548</b>	<b>(654)</b>



# Group Accounts 2023/24

These Group Accounts include the consolidation of the unqualified audited accounts of:

1. **Queensway Properties (Stevenage) LLP - Company number: OC424782**

Designated members Stevenage Borough Council (99.9%)  
Marshgate Limited (0.1%)

Registered office 3 Bunhill Row, London, EC1Y 8YZ

Auditors Moore NHC Audit Limited, First Floor  
73-75 High Street  
Stevenage  
Hertfordshire  
SG1 3HR

2. **Marshgate Ltd - Company number: 11649451**

Designated members Stevenage Borough Council (100%)

Registered office Daneshill House, Danestrete  
Stevenage  
Hertfordshire  
SG1 1HN

Auditors Moore NHC Audit Limited, First Floor  
73-75 High Street  
Stevenage  
Hertfordshire  
SG1 3HR

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## Group Accounts

### Introduction

To provide a full picture of the economic and financial activities of the Council and its exposure to risk the accounting 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 2023/24 statement of accounts to ensure compliance with accounts filing deadlines – 31 December 2024.

## Group Accounts – Movement in Reserves Statement

### Movements in Reserves during 2023/24

	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	(3,447)	640	(2,806)	25,100	-	25,100	22,293
Adjustments between accounting basis and funding basis under regulations	(861)	-	(861)	861	-	861	-
(Increase)/decrease in year 2019/2020	(4,308)	640	(3,668)	25,960	-	25,960	22,293
Balance at 31 March 2024 carried forward	(79,385)	4,822	(74,563)	(590,159)	-	(590,159)	(664,722)

## Movements in Reserves during 2022/23

-	Council's usable reserves £'000	Subsidiary usable reserves £'000	Total group usable reserves £'000	Council's unusable reserves £'000	Subsidiary unusable reserves £'000	Total group unusable reserves £'000	Total group reserves £'000
<b>Balance at 1 April 2022 brought forward</b>	(94,551)	3,653	(90,898)	(531,083)	0	(531,083)	(621,980)
Total comprehensive expenditure and income	(7,319)	529	(6,790)	(58,245)	-	(58,245)	(65,035)
Adjustments between accounting basis and funding basis under regulations	26,792	-	<b>26,792</b>	(26,792)		(26,792)	-
<b>(Increase)/decrease in year 2022/23</b>	<b>19,473</b>	<b>529</b>	<b>20,002</b>	<b>(85,037)</b>	<b>-</b>	<b>(85,037)</b>	<b>(65,035)</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>(75,078)</b>	<b>4,182</b>	<b>(70,895)</b>	<b>(616,120)</b>	<b>-</b>	<b>(616,120)</b>	<b>(687,015)</b>

## Group Accounts – Comprehensive Income & Expenditure Statement

2022/23 Gross expenditure £'000	2022/23 Gross income £'000	2022/23 Net expenditure £'000	Comprehensive income and expenditure statement	2023/24 Gross expenditure £'000	2023/24 Gross income £'000	2023/24 Net expenditure £'000
7,193	(2,185)	5,008	Community services	5,476	(2,369)	3,107
25,841	(22,770)	3,071	Housing services	25,163	(23,483)	1,680
21,870	(9,010)	12,860	Environmental services	25,831	(9,323)	16,508
61	0	61	Local community budgets	61	0	61
15,652	(14,107)	1,545	Resources	10,535	(9,171)	1,364
4,804	(2,699)	2,105	Resources - support	3,406	(2,324)	1,082
39,156	(45,989)	(6,833)	Housing Revenue Account	42,074	(50,232)	(8,158)
1,408	(2,169)	(761)	Queensway Properties LLP and Marshgate Ltd	1,478	(1,990)	(512)
<b>115,985</b>	<b>(98,929)</b>	<b>17,056</b>	<b>Cost of services</b>	<b>114,024</b>	<b>(98,892)</b>	<b>15,132</b>
-	-	(9,289)	Other operational expenditure	-	-	5,593
-	-	6,840	Financing & investment income and expenditure	-	-	3,070
-	-	(21,397)	Taxation & non-specific grant income	-	-	(26,602)
-	-	<b>(6,790)</b>	<b>Deficit/(surplus) on provision of services</b>	-	-	<b>(2,807)</b>
-	-	2,786	Deficit/(surplus) on revaluation of property, plant and equipment assets	-	7,224	-
-	-	(61,031)	Actuarial (gains)/losses on pension assets/liabilities	-	17,876	-
-	-	<b>(58,245)</b>	<b>Other comprehensive income and expenditure</b>	-	-	<b>25,100</b>
-	-	<b>(65,035)</b>	<b>Total comprehensive income and expenditure</b>	-	-	<b>23,323</b>

## Group Accounts – Group Balance Sheet

31/03/2023 £'000	-	31/03/2024 £'000	31/03/2024 £'000
893,964	Total Property, Plant & Equipment	894,125	-
450	Heritage Assets	417	-
25,500	Investment property	27,379	-
777	Intangible Assets	886	-
2,310	Long Term Investment	10	-
1,612	Long Term Debtors	269	-
<b>924,613</b>	<b>Total Long-Term Assets</b>	-	<b>923,086</b>
31,600	Short Term Investments	24,800	-
1,790	Assets Held for Sale	3,338	-
5,778	Inventories	7,696	-
10,459	Short Term Debtors	11,782	-
16,894	Cash and Cash Equivalents	6,573	-
<b>66,521</b>	<b>Current Assets</b>	-	<b>54,189</b>
(236)	Short Term Borrowing	(422)	-
(37,176)	Short Term Creditors	(23,731)	-
(5,352)	Provisions	(4,361)	-
<b>(42,764)</b>	<b>Current Liabilities</b>	-	<b>(28,514)</b>
(16,488)	Queensway Finance Lease	(16,206)	-
(8,087)	Long term creditors	(6,857)	-
(227,487)	Long term borrowing	(234,987)	-
(5,882)	Long term borrowing (Queensway)	(5,788)	-
(3,007)	Pension Liability	(19,835)	-
(405)	Grants Receipts in Adv - Capital	(366)	-
<b>(261,355)</b>	<b>Long Term Liabilities</b>	-	<b>(284,039)</b>
<b>687,015</b>	<b>Net Assets</b>	-	<b>664,722</b>
(70,895)	Total Usable Reserves	-	(74,563)
(616,120)	Unusable Reserves	-	(590,159)
<b>(687,015)</b>	<b>Total Reserves</b>	-	<b>(664,722)</b>

These financial statements are authorised by Clare Fletcher – Strategic Director (Chief Financial Officer) on 12 February 2025.

**Clare Fletcher**

## Group Accounts – Cash Flow Statement

2022/23 £'000	Cash Flow Statement	2023/24 £'000
(6,790)	Net (Surplus) or Deficit on the Provision of Services	(2,806)
(22,577)	Adjustments to Net (Surplus) or Deficit on the provision of Services for Non-Cash Movements	(14,747)
19,070	Adjustments for items in the Net (Surplus) or Deficit on the Provision of Services that are Investing or Financing Activities	22,371
<b>(10,297)</b>	<b>Net cash flows from Operating Activities</b>	<b>4,817</b>
24,078	Investing Activities	12,814
(11,277)	Financing Activities	(7,310)
<b>2,502</b>	<b>Net (Increase) or Decrease in Cash and Cash Equivalents</b>	<b>10,321</b>
19,397	Cash and cash equivalents at the beginning of the period	16,894
<b>16,894</b>	<b>Cash and Cash Equivalents at the End of Period</b>	<b>6,573</b>

## Group Accounts - Notes to the Group Accounts

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

### G1. Accounting Policies

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

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

### G2. Leases and Long Term Debt

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

Upon consolidation £22Million of balances have been eliminated split between long and short term liabilities and assets - SBC debtor and QLLP creditor.

During 2022/23 and 2023/24, Marshgate Ltd borrowed £12Million from Stevenage Borough Council, to invest in housing within the borough. Upon consolidation this loan and the long term borrowing balances within the Marshgate Ltd accounts have been eliminated.



**G3. Group short term Debtors**

31-Mar-23 £'000		31-Mar-24 £'000
-		
2,024	Trade Debtors	2,275
2,047	Prepayments	2,482
6,388	Other Debtors	7,025
<b>10,459</b>	<b>Total</b>	<b>11,782</b>

**G4. Group short term Creditors**

31-Mar-23 £'000	Creditors:	31-Mar-24 £'000
633	Trade Creditors	1,134
497	Accumulated leave	497
32,948	Other Creditors	19,331
3,098	Receipts in Advance	2,769
<b>37,176</b>	<b>Total Creditors</b>	<b>23,731</b>

**G5. Subsidiaries Summary Profit and Loss Account**

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

2022/23 QLLP net expenditure £'000	2022/23 MG net expenditure £'000	-	2023/24 QLLP net expenditure £'000	2023/24 MG net expenditure £'000
(2,169)	(60)	Turnover	(1,990)	(58)
284	41	Cost of sales	388	-
<b>(1,885)</b>	<b>(19)</b>	<b>Gross (profit)/loss</b>	<b>(1,602)</b>	<b>(58)</b>
1,126	(15)	Other operational costs/revenues	1,044	(34)
<b>759</b>	<b>(34)</b>	<b>Net cost of sales as included in the group CIES</b>	<b>(558)</b>	<b>(92)</b>
1,288	43	Financing costs	1,268	-
<b>(529)</b>	<b>(9)</b>	<b>Net (profit)/loss for the period</b>	<b>710</b>	<b>(92)</b>

**G6. Subsidiaries Summary Balance Sheet**

QLLP 31-Mar-23 £'000	MG 31-Mar-23 £'000	-	Note	QLLP 31-Mar-24 £'000	MG 31-Mar-24 £'000
15,939	-	Tangible assets		15,437	-
-	1,333	Long term debtor		-	1,320

QLLP 31-Mar-23 £'000	MG 31-Mar-23 £'000	-	Note	QLLP 31-Mar-24 £'000	MG 31-Mar-24 £'000
15,939	1,333			15,437	1,320
		<b>Total long-term assets</b>			
-	5,490	Inventories		-	7,553
841	98	Short term debtors	G7	412	79
2,189	4,997	Cash and cash equivalents		1,945	3,119
<b>3,030</b>	<b>10,585</b>	<b>Current assets</b>		<b>2,357</b>	<b>10,751</b>
(800)	(2)	Creditors due in less than one year	G7	(692)	(70)
<b>(800)</b>	<b>(2)</b>	<b>Current liabilities</b>		<b>(692)</b>	<b>(70)</b>
(16,473)	-	Finance lease		(16,206)	-
(5,878)	(11,939)	Long term borrowing		(5,788)	(11,931)
<b>(22,351)</b>	<b>(11,939)</b>	<b>Long term liabilities</b>		<b>(21,994)</b>	<b>(11,931)</b>
<b>(4,182)</b>	<b>(22)</b>	<b>Net assets</b>		<b>(4,892)</b>	<b>70</b>
4,182	-	Partnership funds		4,892	-
-	22	Profit and loss reserves		-	(70)
<b>4,182</b>	<b>22</b>	<b>Total funds</b>		<b>4,182</b>	<b>(70)</b>

### G7. Subsidiaries Short Term Debtors and Creditors

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

QLLP 31-Mar-23 £'000	Marshgate 31-Mar-23 £'000	Debtors due in less than one year	QLLP 31-Mar-24 £'000	Marshgate 31-Mar-24 £'000
420	83	Trade debtors	157	78
421	14	Other debtors	255	1
841	97	<b>Total</b>	412	79

QLLP 31-Mar-23 £'000	Marshgate 31-Mar-23 £'000	Debtors due in more than one year	QLLP 31-Mar-24 £'000	Marshgate 31-Mar-24 £'000
-	1,333	Other debtors	-	1,320

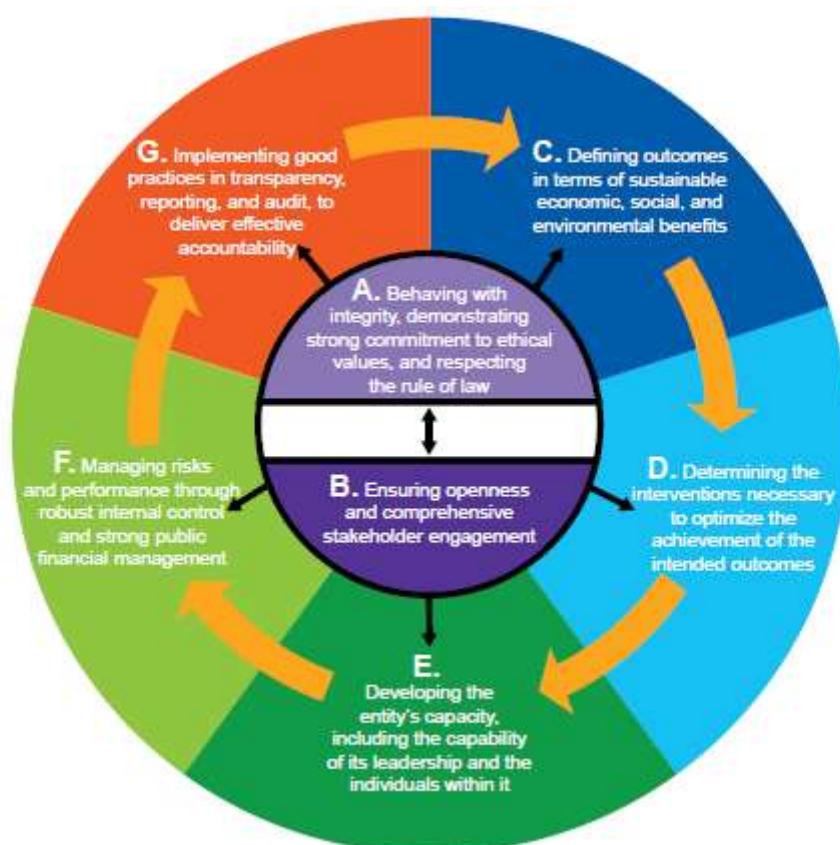
QLLP 31-Mar-23 £'000	Marshgate 31-Mar-23 £'000	Creditors	QLLP 31-Mar-24 £'000	Marshgate 31-Mar-24 £'000
(260)	-	Net obligations under finance lease	(267)	-
(446)	(2)	Trade creditors	(331)	-
(94)	-	Other creditors	(94)	(70)
<b>(800)</b>	<b>(2)</b>	<b>Total</b>	<b>(692)</b>	<b>(70)</b>

## Annual Governance Statement 2023/24

## What is Corporate Governance?

Corporate governance is both the 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 with the resources available. Good governance enables the Council to effectively achieve its intended outcomes, whilst always acting in the public interest.

### Achieving the intended outcomes whilst acting in the public interest



**Figure 1: International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) 'Achieving the Intended Outcomes While Acting in the Public Interest at all Times' – The International Framework**

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.

(\* CIPFA – Chartered Institute of Public Finance and Accountancy, SOLACE – Society of Local Authority Chief Executives and Senior Managers, IFAC – international Federation of Accountants)

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

### Identifying Local Governance Arrangements

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 Audit Committee each year. It was last approved by Audit Committee at its meeting on 6th June 2023 and has been reviewed and the revised Local Code is being presented to Audit Committee at its meeting in June 2024 for approval.

This Annual Governance Statement 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 any areas identified. 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.

## How do we know our arrangements are working?

### The Local Governance Framework – How the Council monitors arrangements in place

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.

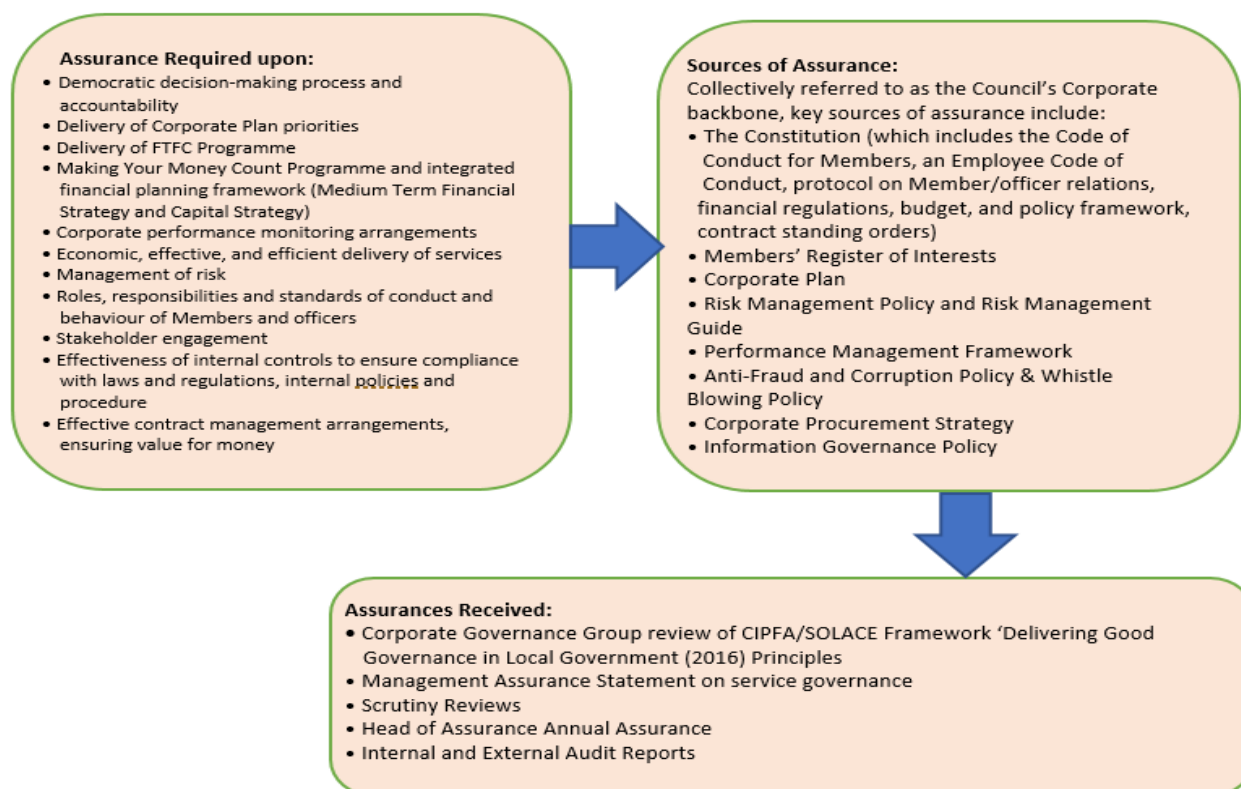
## Governance monitoring and assurance arrangements

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 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 - the seven core principles are set out in the diagram on pages one and five.
- 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.
- 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 Assurance Annual Report, require inclusion in the Statement.

All these mechanisms of review contribute to overall assurance for the 2023/24 Annual Governance Statement. A summary of the types of assurance required, sources of assurance, assurance received is represented below.



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 meeting the requirement for 'preparation in accordance with proper practice'.

The Governance Framework summarised in this Statement has been in place at the Council for the year ended 31 March 2024 and up to the date of approval of the Statement of Accounts.

## Assurance: Internal Audit Arrangements

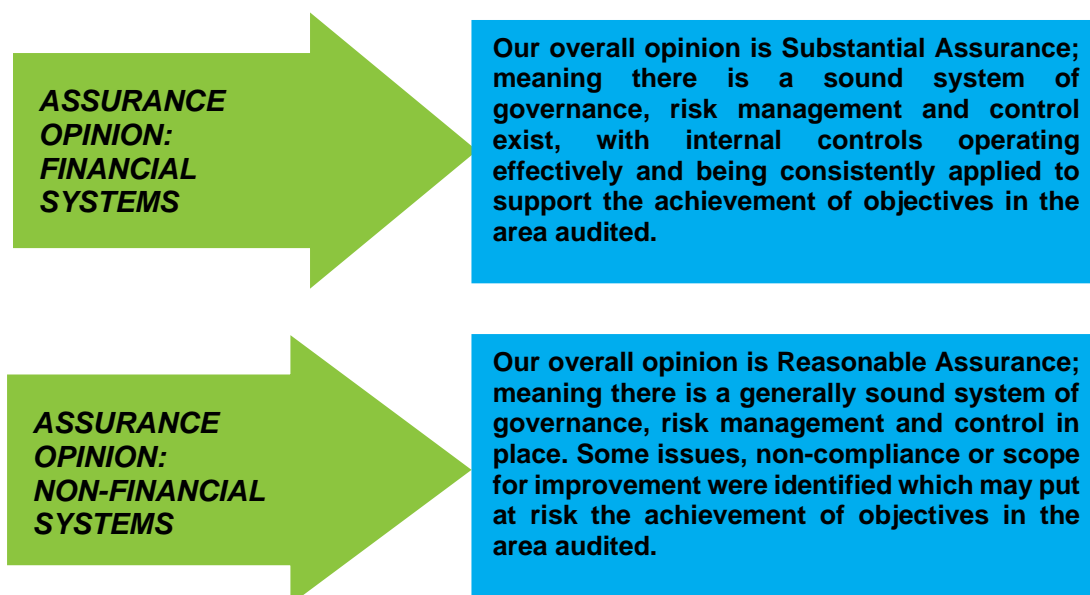
### Annual Audit Coverage

Delivery of the Council's Internal Audit is carried out by the Shared Internal Audit Service (SIAS) hosted by Hertfordshire County Council and managed by the Client Audit Manager. Annual audit coverage is determined through a risk assessment, 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 Audit Plan, Internal Audit contribute to the Council's corporate governance framework.

The SIAS operates to defined professional standards, i.e. the Public Sector Internal Audit Standards (PSIAS) and the Client Audit Manager reports to the Council's Strategic Director (Chief Finance Officer and Section 151 Officer) providing updates on internal audit progress and issues 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 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.

### 2023/24 Audit Report

The Client Audit Manager's Annual Internal Audit Report and Assurance Statement is being reported to the Audit Committee in June 2024. From the internal audit work undertaken in 2023/24, SIAS can provide the following assurance on the adequacy and effectiveness of the Council's control environment, broken down between financial and non-financial systems as follows:





### 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 Public Sector Internal Audit Standards (PSIAS) 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, PSIAS 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 PSIAS, 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 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 SIAS performance against the performance indicator relating to planned days delivery and planned projects delivery.

Indicator	Target 2023/24	Actual to 31 March 2024	Notes
<b>1. Planned Days</b> – percentage of actual billable days against planned chargeable days completed (excludes unused contingency)	95%	95%	262 days delivered out of the 275 days planned
<b>2. Planned Projects</b> – percentage of actual completed projects to draft report stage against planned completed projects by 31 <sup>st</sup> March 2024	90%	96%	26 projects to draft or final report from the 27 planned

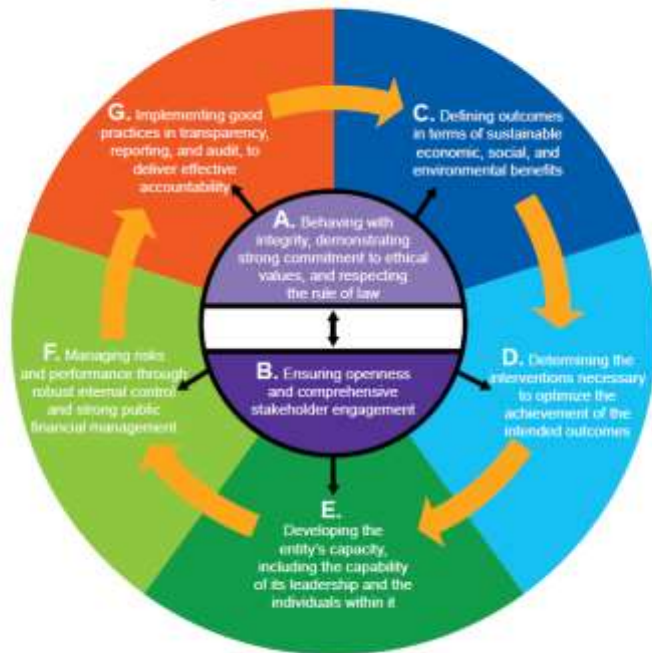
The assurance arrangements conformed with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010), as demonstrated through the assessment in the SIAS Annual Assurance Statement and Internal Audit Annual Report being reported to Audit Committee in June 2024.

### The CIPFA/SOLACE Core Principles of Governance

The Council achieves good standards of governance by applying the CIPFA/SOLACE Principles of Governance set out in the 'Delivering Good Governance in Local Government' Framework (2016) represented in the International Framework.

The diagram below illustrates how the various principles for good governance in the public sector relate to each other. To achieve good governance the Council should achieve their intended outcomes while always acting in the public interest.

**Achieving the Intended Outcomes  
While Acting in the Public Interest at all Times**



As overarching requirements for acting in the public interest, Principles A and B apply across all other principles (C – G)

A summary of the review of effectiveness of local arrangements in place for 2023/24 against each of the principles is set out on the following pages identifying opportunities for governance enhancements.

Progress against the delivery of actions identified in the 2022/23 Annual Governance Statement is reflected in the coloured boxes throughout this Annual Governance Statement

**Principle A: Behaving with integrity and respecting the rule of law**

**Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law is acknowledged as key to the delivery of good governance and underpins the delivery of Council priorities and services for the community.**

**Summary of 2023/24 Review of Effectiveness:**

The Council's Local Code of Corporate Governance identifies the Nolan Principles (Standards in Public Life) as underpinning all local government activity.

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

The Council's website outlines the arrangements for making a complaint that a member of the authority has failed to comply with the Authority's 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 consult on 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.

### Organisational Values

The Council's six organisational Values shown here are underpinned by a behaviour framework for staff. The values are intended to influence the ways in which elected Members and officers think and behave in responding to future challenges.



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 form part of the Council's appraisal process for officers.

The Council has a Whistle-blowing 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 Council's website and intranet have options for the public and staff to report suspected fraud that link to the Council's Shared Anti-Fraud Service webpage.

**The following governance activity pertaining to best practice has been delivered in 2023/24:**

- New Independent person appointed to Audit Committee in September 2023
- Updated Regulation of Investigatory Powers (Act) (RIPA) Policy was approved by Audit Committee in November 2023. RIPA regulates the use of certain surveillance powers by public authorities

**Arrangements reflect those summarised in the Council's Local Code of Corporate Governance – No significant requirements to enhance governance have been identified.**

### Principle B: Engaging with local people and other stakeholders

**Principle B: Ensuring openness and comprehensive stakeholder engagement is considered essential in meeting the Council's corporate ambitions and framework of values and regarded as key to effective service delivery. Communication supports the decision-making process and helps to improve service quality and foster good relationships between staff, Members, and stakeholders.**

#### Summary of 2023/24 Review of Effectiveness:

Stevenage Borough Council is a co-operative council which means working in equal partnership with local people to shape and strengthen communities.

The Council wants to hear views about Council services. 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.

### Cooperative Neighbourhoods

Through the development of the Cooperative Neighbourhoods programme in 2020, Stevenage Borough Council has formed partnerships between elected members, council officers, stakeholders, and community groups to focus on the needs of the 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. They are made up as follows:

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

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.

In 2024/25 we will be providing a series of improvement elements for all of our neighbourhood centres plus additional resources for the following areas:

- Popple Way Shops (Pin Green/Almond Hill)
- Bedwell Shops (Bedwell)
- The Hyde (Shephall)
- Marymead Shops (Roebuck)
- Oak's Cross Shops (Longmeadow)

### Shared Services

The Council has a number of shared service arrangements to provide efficient and effective shared service provision and governance arrangements facilitate effective stakeholder engagement to deliver agreed outcomes.

### Customer Feedback

The Council has a system for recording customer feedback which enables learning from feedback and complaints to facilitate effective monitoring of information provided by customers to review future service delivery.

A Resident Survey was carried out in 2021/22 to survey how residents perceive Council services and their local area. The information gathered from residents has provided insight on residents' priorities for the town, the extent to which the Council is perceived to provide value for money and how well services are meeting residents' expectations. A STAR (Survey of Tenants and Residents) was also carried out. The STAR survey is used nationally by many housing providers

to understand the thoughts, feelings, and opinions of council tenants and for them to tell their landlords what is important to them.

The Council is now required by the Regulator of Social Housing to conduct annual Tenant Satisfaction Measure surveys, which capture management data and tenant perception across a range of services. The Regulator will publish league tables and the Council will be expected to demonstrate what they are doing to increase satisfaction with the services being delivered. TSM's for 2023/24 are being analysed to inform priority areas of improvement for 2024/25.

The Council will need to ensure that its policies and procedures for dealing with complaints complies with the new Complaint Handling Code which was launched in February 2024. Local Councils are encouraged to adopt the Code as soon as they are able to do so. The Local Government Ombudsman intend to start considering the Code as part of its processes from April 2026 at the earliest.

The Code sets out a process for organisations that will allow them to respond to complaints effectively and fairly. The purpose of the Code is to enable organisations to resolve complaints raised by individuals promptly, and to use the data and learning from complaints to drive service improvements. It will also help to create a positive complaint handling culture amongst staff and individuals. The Code will act as a guide for individuals setting out what they may expect from an organisation when they make a complaint. Organisations should seek feedback from individuals in relation to their complaint handling as part of the drive to encourage a positive complaint and learning culture. Organisations should have a single policy for dealing with complaints covered by the Code.

The principles, process and timescales in this Code are aligned with the Complaint Handling Code issued by the Housing Ombudsman. This means that organisations who fall under the jurisdiction of both Ombudsmen should be able to provide a co-ordinated complaint handling process across services covered by both Codes.

### Communication

The Council uses a variety of media to communicate with its residents, businesses, and customers, for example Stevenage Chronicle which is the Council's quarterly magazine for residents which provides the latest information about Council initiatives and services, community news and events. The Council's website, press releases and social media are also used extensively to provide information to the public.

### Peer Review

The Council is keen to demonstrate all the great work it is doing to deliver better outcomes for the community, and a Corporate Peer Challenge would provide an opportunity to do this. Following the implementation of a number of key strategic changes in 2024 such as the new Corporate Plan – Making Stevenage Even Better (2024-27), fulfilment of all-out elections, fruition of a number of joint-partnership 'Towns Fund' activities with the Stevenage Development Board, the Council is planning a peer review in 2025.



**The following governance activity pertaining to best practice has been delivered in 2023/24:**

- The Annual Report and Performance Overview 2022/23 highlighting the Council's achievements over the past year and plans for the next twelve months was approved by Executive and published on the Council's website in July 2023

- From 23 October to 4 December 2023 the Council consulted on the focus of the five strategic priorities and three cross-cutting themes within the revised Corporate Plan – Making Stevenage Even Better. The purpose was to understand if the areas of focus were representative of key issues in Stevenage, if the strategic priorities were correct, if the cross-cutting themes had the right focus, or if there was something else that needed to be included.
- We also consulted on the introduction of a Stevenage Cycle Share Scheme and public consultation was held in relation to proposed changes to the Oval which generated over 7000 responses in total.
- In July 2023, the Executive agreed the 15 proposed actions in the Stevenage Borough Council Equality, Diversity and Inclusion Action Plan (2023-2024) as well as the recommendations of the Stevenage Equalities Commission (SEC) and the SEC Legacy Group Action Plan.

### Equality and Diversity

The Council views equality and diversity to be about knowing and understanding the make-up of the town and the needs of its communities. The Council delivers services that are fair, accessible, and open to everyone. The Council communicates to staff, customers, communities, and our partners about the importance of treating people fairly and celebrating differences.

In 2022, the Council agreed the objectives that will promote equality, diversity and inclusion across its services, communities, and workforce over the next four years (2022 –2026) and in-line with the Public Sector Equality Duty (PSED) of the Equality Act (2010).

The council is working, together with its partners, to:

- Understand the diverse needs of our communities and how to meet them effectively
- Actively engage, encourage, and support local people, groups and organisations to participate in local democracy to improve opportunity and inclusion
- Promote equality, diversity and inclusion through our strategic partnerships, service delivery and supply chain(s)
- Use local data to shape services so that the needs of our diverse population are met
- Aim to improve the diversity of our organisation at all levels so that our communities are represented
- Ensure staff have the values, skills and knowledge to maintain a positive and inclusive workplace culture that values all employees equally

Alongside these objectives, in 2022 the council also made a commitment in its Equality, Diversity and Inclusion (EDI) Strategy (2022-2026) to deliver an annual EDI Action Plan 2023/24. These actions were agreed in July 2023 and covered a range of services which clearly set out how the Council will work with staff, partners, businesses, and residents to advance equality, diversity and inclusion across the community. A report setting out progress against the actions will be presented to the Executive in September 2024, and this will be accompanied by a new and revised EDI Action Plan for 2024/25. A key component to monitoring delivery of EDI activities is the active participation of staff, and the monthly meetings of the Officer Equality Group to share progress and identify new opportunities to build upon existing partnership working and deliver a meaningful equality programme. This is overseen by the member lead Equality and Diversity Governance Group (EDGG) and the Senior Leadership Team Equality Champion.

Building on the success of the EDI Action Plan, in 2024/25 the council introduced the cross-cutting theme of **Equality, Diversity and Inclusion** as part of its new Corporate Plan – Making Stevenage Even Better (2024-27). The EDI Cross-cutting theme demonstrates the

council's commitment to making a difference across the workforce and community to advance EDI.

**Arrangements reflect those summarised in the Council's Local Code of Corporate Governance – No significant requirements to enhance governance have been identified**

**Principle C: Defining outcomes the Council's vision and priorities**

**Principle C: Defining outcomes in terms of sustainable, economic, social and environmental benefits. The focus of the Council's governance arrangements is to deliver the best possible outcomes for the community and the Council's vision for the town. It is essential that the Council seeks customer feedback and works with partners, to pool resources and skills**

**Summary of 2023/24 Review of Effectiveness:**

**The Council's vision:**

Stevenage: a prosperous town with vibrant communities and improved life chances

**Stevenage Together:**

Stevenage Together is a range of diverse partner agencies who share a vision of Stevenage in the future. 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 aims to:

- Generate pride in the borough
- Develop communities
- Help people feel safe
- Regenerate the economy
- Improve residents' health



**The work of Stevenage Together includes:**

Improving the health of Stevenage residents by:

- Providing a healthy hub;
- Providing clean and green spaces and play opportunities; and
- Promoting good mental health.

Maximising opportunities to grow the local economy by:

- Encouraging volunteering.
- Developing opportunities for our young people;
- Supporting local businesses to grow; and
- Addressing child poverty.

Making Stevenage a safer place to live, work and visit by:

- Developing proactive solutions to antisocial behaviour;
- Consulting with communities to understand their concerns and needs; and



- Designing out crime.

### Stevenage Development Board

The Stevenage Development Board was set up in 2020 to prepare Stevenage's bid for government funding through the MyTown initiative. The Board brings together voluntary key stakeholders from public sector organisations, private businesses, not for profit organisations and Heritage organisations to ensure a diverse range of views are represented. The work of the Development Board forms part of the wider 20 year £1bn regeneration of Stevenage Town Centre. The Board provides an environment for collaboration and innovation across a range of partners, especially in the skills sector, providing a strong platform to support the regeneration efforts in the town. As a result of the joint working of the Board, Stevenage secured the second joint highest bid in the country.

### Future Town, Future Council

The Future Town, Future Council (FTFC) programme was the Council's main strategic planning approach to create a better Stevenage and great service for its people through 2023/24 and for the previous five years. The FTFC programme guided the Council's focus and resource allocation as defined in the FTFC Corporate Plan.

The FTFC Corporate Plan consisted of five priorities:

- Transforming our Town
- Making Your Money Count
- Co-Operative Neighbourhoods
- A Clean, Green, Safe and Thriving Town
- More Social and Affordable Homes

### Making Stevenage Even Better Corporate Plan

The Council has recently agreed a new three-year Corporate Plan, **Making Stevenage Even Better**. This new Corporate Plan, which will be effective from April 2024, sets out the Council's priorities, focus outcomes and actions for the next three years. It builds upon the long-term objectives of the above-mentioned Future Town Future Council Corporate Plan and reflects the need to prioritise effective delivery of services, whilst delivering on what residents have said matters to them.



In response to resident feedback and changing local demographics, five key strategic priorities were identified, all of equal importance, which the Council would like to see achieved over the next three years:

- **Transforming Our town**
- **More Social, Affordable and Good Quality Homes**
- **Thriving Neighbourhood**
- **Tackling Climate Change**
- **Balancing the Budget**

In addition to the above mentioned five strategic priorities, there are three areas of work which cut across delivery of all strategic priorities, these are **Equality, Diversity and Inclusion; Health and Wellbeing; Technology and Innovation**.



The inclusion of cross cutting themes represents the need to raise awareness of these areas when designing and delivering services. They have important social benefits and demonstrate the importance the Stevenage Borough Council places on effective partnership working and its existing commitment to tackle health inequalities, champion equality, encourage inclusivity and embrace diversity. They ensure that consideration of innovative solutions to empower residents is a key consideration in the Council's decision-making processes. By maintaining focus on these three themes, the Council can ensure a comprehensive rounded approach to delivering outcomes for the benefit of the community.

For each of the five strategic priorities and three cross-cutting themes, there are outcomes and actions, these will be reviewed annually to make sure that the Council is on track to deliver what it said it would.

### Annual Report

Every year progress against the Council's priorities are considered and this informs important decisions about where to spend the budget. The Annual Report summarises the Council's achievements over the past year and outlines what it plans to do in the next twelve months and is published on the Council's website.

### Financial and Asset Planning

The budget setting process should be considered against the backdrop of Government grant cuts which total £5.3Million since 2010. These cuts have required the Council to find cumulative savings of £11Million when inflationary costs are also taken into consideration. COVID affected the Council's finances during 2020/21-2021/22 (an estimated £4Million cost) as has the cost-of-living crisis due to higher inflation (estimated £1.4Million impact during 2023/24).

A number of local government journal and national press articles have recently highlighted concerns concerning the local government funding model. The Government has commenced an inquiry on financial distress in local authorities. This follows a number of Councils issuing a section 114 notice because they can no longer set a balanced budget for the year. The Local Government Association (LGA), District Council Network (DCN) and the County Council's Network (CCN) amongst other organisations have all warned that more Section 114 notices are likely unless the local government funding model is revised to reflect the pressures councils are facing across a range of services.

### Medium Term Financial Strategy

The Medium-Term Financial Strategy (MTFS) is the Council's key General Fund financial planning document and sets out the Council's strategic approach to the management of the General Fund including Council tax levels, capital funding and treasury management. This strategy underpins the Council's key priorities for Stevenage. The key aim of the Strategy is to facilitate the Council in achieving the outcomes by setting out MTFS principles, which generates the need for financial security targets, identifies financial pressures and any additional resources for priorities to ensure the Council has a financially sustainable plan.

Due to the significant level of savings required in recent years, this Council, along with many others has adopted a one-year budget setting process rather than taking a three-year view. Whilst the Council does not currently have a three-year budget, the Medium-Term Financial Strategy identifies the projected funding needs over a longer period and is reviewed annually.

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 to 2027/28 ensuring inflationary pressures are matched by increases in fees and income or reductions in expenditure. However, this relies on significant savings targets being achieved each year and inflation reducing in the medium term and government funding in line with that projected in the Medium-Term Financial Strategy. The Council is continuing to deliver its ambitious programmes to redevelop and regenerate the town centre and to provide more social, affordable, and aspirational homes. Whilst both programmes offer great opportunities for the town and residents, they also carry the risk of potentially needing more resources. There is a ringfenced reserve for Regeneration and further estimates of resources have been included in the General Fund MTFS.

### Capital Strategy

The Council also has a five-year Capital Strategy. The purpose of the Capital Strategy is to show how the Council determines its priorities for capital investment, how much it can afford to borrow and sets out any associated risks. All capital schemes are regularly reviewed and prioritised to determine whether they should be included in the Capital Strategy. The Officers' Capital Group ensures that effective arrangements are in place for the design and delivery of capital projects.

For a number of years capital spend has been prioritised due to the limited availability of capital receipts and the Council's ability to afford borrowing costs. Accordingly, the council applied a 'fix on fail' approach to assets with no significant asset improvements being funded, except for those supported through external funding or partially through external funding (for example Garage Improvement programmes). This approach cannot be sustained in the medium to long term as it will lead to a gradual degradation of the Council's assets with reactive works only being undertaken to keep sites wind and watertight. Sustaining such an approach in the medium term will inevitably lead to closure of buildings even before consideration is given to the legal requirements in terms of Energy Performance Certificate (EPC's) and other legal and climate change requirements.

To address the issues above, The General Fund Capital Strategy Overview - Priorities versus Funding Requirement 2023/24-2029/30 report to Executive 15 November 2023 set out the Council's key capital regeneration and community asset ambitions and key land and asset disposals, to determine a funding strategy to meet corporate objectives and address the issues outlined above.

The following priority schemes / activities require a funding strategy:

- Regeneration SG1- Public Sector Hub, Leisure Centre and Theatre
- Climate Change - green fleet, buildings (operational, community and commercial)
- Towns fund programme where match funding is required



- Operational need investment in Community Assets
- Response to Legislative changes e.g. waste and recycling
- Protection of key income streams to ensure the financial resilience of the General Fund

### Housing Revenue Account

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 (30 year) perspective on stock investment and financial planning. The plan was originally adopted by the Council's Executive in November 2014 following consultation with the Housing Management Board. The Business Plan is reviewed regularly to reflect changing circumstances as well as tenant and Councillor priorities. The HRA Business Plan was fully reviewed in 2023/24 to ensure a balanced HRA financial plan for the next 30 years and to ensure there are sufficient HRA funds to support the Council's Housebuilding and Acquisitions Programme as well as reflect new requirements placed on social housing providers under the Social Housing Regulation Act 2023, eg the decent homes standard and building regulations and environmental improvements like decarbonisation of the Council's housing stock as well as compliance with revised consumer standards and a new inspection regime. The latest version of the Business Plan was approved by the Executive on 15<sup>th</sup> November 2023.

The Council's HRA Medium Term Financial Strategy looks at these plans over a five-year horizon in greater detail setting out the principles which generates the need for Financial Security targets.

The Council's housing stock represents its most valuable asset and the largest liability in investment terms. The condition of properties is also of central importance to tenants, and they consistently select the improvement of their homes and a good repairs service as their top priorities. Ensuring finite resources are used in the most cost-effective manner is key to the Council's asset management and business planning approach. To reflect new government reforms such as the new Building Safety Act and Social Housing Regulation Act 2023 as well as decarbonisation to limit climate change, the Housing Asset Management Strategy has been reviewed and a new Strategy was agreed by the Executive in November 2023. The new Housing Asset Management Strategy (2023 to 2028) sets out the framework under which the investment in existing stock detailed in the HRA Business Plan (2023) will be achieved. The Strategy will direct the Council's investment priorities. It identifies how the Council will ensure that residents living in Stevenage Borough Council homes will remain safe, involved, informed and have a good quality home. The strategy also sets out how the Council will meet the requirements of the new regulatory framework for social housing along with other legislation.

The Stevenage Borough Local Plan 2011-2031 sets out how Stevenage will develop in the future. The plan seeks to provide around 7,600 new homes, alongside new jobs and community facilities. It provides the basis for the regeneration of the town centre, which includes plans for new homes, shops, offices, coffee bars, restaurants and seeks to create a centre people can be proud of. It also protects green infrastructure and historic assets, to ensure people can continue to have a good quality of life in the town.

### Climate Change

Climate Change has now reached a point where we must all take immediate action. With its declaration of a climate emergency in June 2019, Stevenage Borough Council is committed to tackling this. The Council has a holistic vision which focuses on cutting its own emissions to net zero and supporting the town's businesses and residents to do the same by 2030. The Council's Climate Change Strategy sets out how the Council plans to achieve this and the action everyone can take which will have the most far-reaching impacts. The steps the Council is taking to ensure a climate safe future will also have significant positive impacts on health and wellbeing within the community as the Council looks to champion warm, energy efficient housing and the protection of green space. Following the climate emergency declaration, the Council has been

working to understand what action can be taken to not only reduce the carbon outputs of its assets and activity, but also in what ways it can act as a community leader to empower the whole town to take action. The declaration was a direct result of collective action from ordinary citizens, and therefore the Council believes the response should be community led.



Understanding the emissions will involve building up a detailed picture of what Stevenage's outputs are.

Lead the way by ensuring Stevenage Borough Council (SBC) is producing as little greenhouse gases as possible as quickly as possible

Advocating for and facilitating real change will see SBC lobbying for more drastic action at County and Central Government level, as well aiding local stakeholders' efforts to shrink their carbon footprints.

The response to the climate change emergency will be resident led which means the community will be fully involved throughout the process.

SBC will utilise this opportunity to improve our residents' quality of lives, by striving to end fuel poverty, improve the built environment to encourage the shift to active travel and making healthy plant based food accessible.

Clear targets will be set with regular monitoring in place.

### Progress of significant governance action to facilitate compliance with the CIPFA/SOLACE Governance Framework:

**Balancing the Budget:** A review of the 30-year Housing Revenue Account Business Plan has been carried out to incorporate new government requirements, welfare and social reforms and inflationary pressures. The new Business Plan was agreed at Executive November 2023.

The Council needed to find general fund savings of £1.2M to ensure a balanced budget for 2024/25. The identified savings were agreed at Executive in November 2023. The 'Balancing the Budget' priority has a number of workstreams. Both the Transformation and the Co-operative Commercial Insourcing Strategy have contributed significantly to achieving the 2024/25 'Balancing the Budget' savings target resulting in no service cuts being proposed for 2024/25 with the exception to changes to football pitches.

For a number of years capital spend has been prioritised due to the limited availability of capital receipts and the Council's ability to afford borrowing costs. Accordingly, the council applied a 'fix on fail' approach to assets with no significant asset improvements being funded, except for those supported through external funding or partially through external funding (for example Garage Improvement programmes). This approach cannot be sustained in the medium to long term as it will lead to a gradual degradation of the Council's assets with reactive works only being undertaken to keep sites wind and watertight. Sustaining such an approach in the medium term will inevitably lead to closure of buildings even before consideration is given to the legal requirements in terms of Energy Performance Certificate (EPC's) and other legal and climate change requirements. To address the issues above, The General Fund Capital Strategy Overview - Priorities versus Funding Requirement 2023/24-2029/30 report to Executive 15 November 2023 set out the Council's key capital regeneration and community asset ambitions and key land and asset disposals, to determine a funding strategy to meet corporate objectives and address the issues outlined above.

**Information regarding continued enhancement activity proposed for 2024/25 is outlined in the Planned Improvement Activity for 2024/25 section at the end of this document**

## Principle D: Determining Interventions

**Principle D: Determining the interventions necessary to optimise the achievement of outcomes requires robust monitoring and decision-making mechanisms to ensure that actions identified are sustainable within available resources.**

### Summary of 2023/24 Review of Effectiveness:

#### Financial Governance Arrangements

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 Council's framework of internal financial control is supported by Financial Regulations and Contract Standing Orders. The regulations provide the framework for managing the Council's financial affairs. 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 Council's Financial Regulations and Contract Standing Orders were last reviewed and agreed by Executive in July 2020 and are both scheduled for review in 2024/25.

#### Monitoring performance:

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

A performance and governance system is used to monitor performance and risk and provides insight into corporate priority delivery. The system provides a range of corporate performance monitoring relating to service delivery, finances, staff, and customers, alongside consideration of the risks associated with the delivery of objectives to provide strategic insight and facilitate prompt implementation of any necessary improvement plans.

The status of performance for both the FTFC programme and the corporate programme with proposed improvement plans, where necessary, were discussed by senior management prior to Executive on a quarterly basis. In addition, the Executive received separate regular updates on the Council's financial position and quarterly overview reports.

Staff receive training on the Council's performance management arrangements and how to input to the Council's performance system, InPhase.

All of this information provides business insight that helps to drive improvement and deliver outcomes that benefit the community.

#### Data Quality

Data Quality checklists for strategic and operational performance indicators are completed twice a year to record and verify the systems in place for securing the highest data quality. Assurance

and confirmation of the systems in place is provided at year-end through the assurance process for service governance.

The purpose of the data quality monitoring process is to ensure that consistency and quality of corporate performance data and collection methodology is regularly reviewed and that the principles of the seven data quality principles are fulfilled. This is in line with robust corporate governance best practice and the Local Code of Corporate Governance principles.

### **Housing Development Programme**

Stevenage Borough Council has an ambitious house building target, to deliver more social and affordable Council rented homes. The Council's house building programme is now well-established providing benefits such as homes for social and affordable rent as well as private sale homes.

The Housing Development Working Group receives updates on the Housing Development Programme. Progress of the Housing Development programme against key milestones is reported to Executive each quarter as part of the quarterly Performance Report.

New build schemes within the HRA are incorporated into the HRA Business Plan, and the General Fund schemes are reported to Executive as part of the Capital Strategy updates as well as ongoing in quarter capital monitoring with the Finance team.

The numerous contracts for the building works commissioned by the Housing Development team are monitored through monthly site meetings attended by an officer representative as well as the contractor and an independent Employers Agent whose role is to administrate the effective running of the contract.

Executive, at its meeting in January 2021 approved the setting up of a Wholly Owned Company (WOC). This will allow the Council to meet the needs identified in the Strategic Housing Market Assessment commissioned by the Council, specifically with providing housing in the private rental market. These ambitions complete the wider ambitions to develop more affordable housing, achieve wider community improvements (than just housing) and generally improve the look, appearance and functioning of neighbourhoods that the town's communities enjoy. The WOC sits alongside the existing housing delivery methods deployed by the council in terms of resources and expertise, however it has its own accounting and governance processes.

### **Transforming Our Town**

The Council, along with its development partners, are currently delivering a major, twenty year, £1bn regeneration programme designed to transform Stevenage. The programme will deliver a new transport infrastructure, commercial space, retail, spaces for leisure, arts and culture, and town centre living.

The council is working with private sector partners to deliver large elements of this transformation. This includes a partnership with Mace for the delivery of SG1. The £350 million SG1 scheme comprises a 14.5-acre site in Stevenage town centre which includes a minimum of 1700 new homes, 60,000 sq feet of ground floor retail and restaurant space, new public spaces and a public services hub, combining community assets such as health services, library, voluntary sector, café and Council offices.

Funding has also been secured through national Government opportunities. The Stevenage Development Board was formed in March 2020 to lead the development of a Town Investment Plan. In March 2021 the Board secured £37.5 million of '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.

Stevenage Development Board oversees the investment being made as part of the Government's Towns Fund initiative. The work of the board has prioritised projects in Culture & Heritage, Sustainable Transport, Town Centre Regeneration, and Skills & Employment. This includes improving the infrastructure in the town and investing in facilities, creating employment and skills opportunities for local people, and attracting investment in the internationally recognised life sciences sector.

Projects funded through the Towns Fund initiative include a new Multi-Storey Car Park which is adjacent to Stevenage Railway station, with secure cycle storage to improve connectivity and wider transport links for residents and visitors. The new parking facility, which opened in May 2023, almost doubles the capacity of the former surface level with 622 spaces, includes blue badge parking and spaces for electric vehicles.

Construction is underway on the former Matalan site. The Guinness Partnership is delivering new homes, and this is taking place in phases. As a result of additional funding from Homes England, the overall plans involve the construction of 526 one and two-bedroomed apartments along with flexible commercial space at street level which aims to create active street frontages. Lovell Partnerships, appointed by The Guinness Partnership, began work earlier this year on the first phase of the scheme. This will deliver 143 new homes which will all be affordable. This is expected to be finished at the end of 2024/early 2025, with further phases set to follow.

### Community Wealth Building

Community wealth building is a new people-centred approach to local economic development, which directs wealth back into the local economy, and places control and benefits into the hands of local people. Stevenage Borough Council passed a motion on 29 January 2020 in support of Community Wealth Building. This included a commitment to launch a Cooperative and Inclusive Economy Charter.

Some examples of how the town can work together to bring about an inclusive economy include:

- Shopping locally;
- Officering work placements and apprenticeships, and
- Using local supply chains

The Council has produced a Community Wealth Building Strategy. Community Wealth Building focuses on how much money is held and reinvested in an area for the benefit of local communities. For the Council, this relates to how much business it does with local suppliers and how it supports local people to connect to, and drive forward, a sustainable and inclusive economy. At the heart of the strategy is making sure that the economy works for everyone. This has identified four key foundations that underpin an inclusive economy:

- Procurement and social value
- Training and skills
- Cooperative and social economy growth and
- Tackling climate change.

The council has just successfully completed leading on the delivery of a £750,000 project to support the development of Community Wealth Building throughout Hertfordshire. Working with all District & Borough Council colleagues throughout the county. This project aimed to delivery a delegated grants scheme as well as projects around Procurement, Strategic Planning and the strengthening of the existing Hertfordshire Opportunities Portal. Building on this over the next two years will be the availability of UK Shared Prosperity Funding, with £185,000 directly supporting Community Wealth Building Endeavours in Stevenage. These activities are monitored by a cross-county working group comprised of colleagues from across Hertfordshire which in Stevenage



reports to a Community Wealth Building Board chaired by the Portfolio Holder for Community Wealth Building.

To support the Council's approach to Community Wealth Building a Cooperative Inclusive Economy Charter for Stevenage was agreed by Executive in July 2020. A Cooperative Inclusive Economy encourages communities, organisations, and businesses to work together, helping to shape the economy and to share the benefits of growth. The Charter's aim is to create a fairer society and a more resilient economy for everyone, residents, organisations and businesses. The Charter is underpinned by an action plan and includes a space for communities and stakeholders to pledge their support.

The project is delivering against the following five work streams:

- Hertfordshire Opportunities Portal
- Procurement
- Grants scheme
- Planning
- Evaluation and Feasibility

Building on this work, in March 2024, the council approved the 'Stevenage Works: Skills Framework' which looks to build the council's ambitions around skills with a focus on providing opportunity for Stevenage residents in key sectors. At the heart of this approach is a connection with people-centric focus of Community Wealth Building and further helps to build on the Council's ambitions in this area. At its heart there are three key elements to the framework:

- Aligning & Co-ordinating Local Partners, Assets & Resources
- Augmenting Skills Provision to Create Further Opportunity
- Backing Skills Provision with Capital Investment link to our Regeneration Plans

### **Social Value Portal**

The Council uses a social value portal to monitor, measure and manage the tendering and delivery of social value through contracts and other business-related activities. The aim of this is to understand what value business brings to society, according to the principles of the Public Services (Social Value) Act 2012. The Social Value Portal uses the National Social Value Measurement Framework, also known as the National TOMs (Themes, Outcomes Measures), to measure social value. The National TOMS framework was developed by the National Social Value Taskforce and was the result of extensive consultation across its members and is endorsed by the Local Government Association.

### **Procurement**

The Council adopted its Co-operative Procurement Strategy (2021-2024) in October 2021. The focus of the strategy is around five principle foundations including Community Wealth Building, Sustainability, Social Value and Ethical Procurement, Commercial and Insourcing and Pro-active Procurement. Each foundation is a building block of the consideration that need to underpin the procurement process and are embedded in the way the Council procures goods, works and services.

The Council has joined with other Hertfordshire local authorities and public bodies to work together in procurement and partnership projects for the benefit of all participating authorities. As part of this partnership, the Council has a portal called Supply Hertfordshire that holds information about advertised opportunities and participating authorities.

### **Transformation Programme**

In August 2021, the Executive agreed a Transformation Programme aimed at improving customer satisfaction, increasing workforce productivity and organisational resilience, while achieving the savings required by the Council's Medium Term Financial Strategy. This programme forms a significant element of the 'Balancing the Budget Programme and will help the Council achieve its financial security targets.

### New Leisure Contract

The Council has entered into a new ten-year Active Communities Leisure Management contract. The new agreement with Everyone Active began on 1<sup>st</sup> April 2023. The UK leisure operator prides itself on being a community-focused organisation and will introduce this approach to residents of the town. Everyone Active supports the Council's vision for leisure across Stevenage by producing attractive facilities available to all age groups in the town's community and contribute to the health and wellbeing objectives of the Council.

#### **Progress of significant governance action to facilitate compliance with the CIPFA/SOLACE Governance Framework:**

**Commercialism:** To ensure that the Council's ambitious commercial agenda can be achieved, the following action has been carried out: The Commercial and Insourcing Strategy 2023-2026 was agreed by Executive at its meeting in October. The strategy outlines the Council's approach to operating commercially

This will be achieved through maximising opportunities to insource services, the delivery of business process improvements and the generation of new or enhanced sources of revenue. The commercial culture across the organisation will continue to be developed, to ensure that staff are equipped with the right skills to deliver.

New fees and charges for 2024/25 were agreed by Executive in October 2023. Commercialisation work this year has included: aligning commercial and transformation (such as for Digital Garage Lettings and third-party tipping), enhanced income from concessions contracts based on a revenue share agreement (such as for advertising and sponsorship and parcel lockers). Options for new income streams are progressing and reports with proposals will come forward in due course. The Member-led Commercial and Investment Working Group continues to meet quarterly.

**Information regarding continued enhancement activity proposed for 2024/25 is outlined in the Planned Improvement Activity for 2024/25 section at the end of this document**

#### **Progress of significant governance action to facilitate compliance with the CIPFA/SOLACE Governance Framework:**

**Socio-Economic Impacts:** As a result of the combined socio-economic impacts of welfare reform, the COVID-19 pandemic, and an economic downturn the following actions have been carried out:

Funding of £300K is being received in instalments and is being used to support local small businesses. This is part of the Mission 44 funding, and the Council is working with schools to encourage STEM learning to ensure better prospects for young people. The Social Inclusion Partnership has been set up under the umbrella of Stevenage Together to share information about services and applying for funding collaboratively. It is made up of voluntary sector organisations who have come together and is being supported by the Council and Citizens Advice Stevenage.

The Welfare Reform Group continues to meet. A dashboard is being used to inform the Council's understanding of the impact of the cost-of-living crisis locally. Data is collected from colleagues and partners who attend Welfare Reform Group meetings. The dashboard is made up of 13 different measures which are analysed quarterly to inform the Council's and partners' understanding of local trends.

The Council's website contains information to help residents to manage the cost of living and this is updated regularly with new advice and how to access grants and benefits.

A new Collection and Engagement IT solution to allow focus on high-risk Universal Credit claim cases is being procured. The new system will automate many tasks required to reach customers in arrears and will enable early intervention and assist with proactive management of arrears cases.

The Council has partnered with Sustainable X to deliver a fully funded Sustainable Support Programme for local businesses to support key learning of sustainable practices and opportunities for businesses. The programme includes skills and training support on sustainable supply chain management and wider stakeholder engagement. The programme launched on 28<sup>th</sup> September with a Sustainable Meet the Buyer event, providing unique collaboration opportunities for both buyers and suppliers. It also offers participants the chance to grow their network with potential supply chain connections too.

**Information regarding continued enhancement activity proposed for 2024/25 is outlined in the Planned Improvement Activity for 2024/25 section at the end of this document**

**Progress of significant governance action to facilitate compliance with the CIPFA/SOLACE Governance Framework:****Council House Building and Acquisition:**

- The Council has received grant funding of £10.6M from Homes England as part of their Affordable Homes Programme. This will be used to build a new Independent Living Scheme.
- Regular updates continue to be provided at Housing Development and Regeneration meetings.
- Performance indicators in relation to number of affordable homes delivered by the Council and number of private homes provided is included in the quarterly performance report which is reported to Executive.
- Delivery of 190 new homes in 2023/24, including the first phase of Kenilworth Close. This also sees the delivery of seven new retail units.
- Two new schemes for 156 homes at Brent Court and Shephall View have recently received planning permission. Consultation and submission to Planning has taken place on four new schemes for a total of 403 new homes which will form a key part of the programme going forwards.

**Information regarding continued enhancement activity proposed for 2024/25 is outlined in the Planned Improvement Activity for 2024/25 section at the end of this document**

**Progress of significant governance action to facilitate compliance with the CIPFA/SOLACE Governance Framework:****Repairs and Voids:**

- A fencing programme has been put in place by the Housing Investment team which aims to clear the historic backlog during 2023/24 and 2024/25.
- Changes to ways of working for the Repairs Supervisors and Maintenance Surveyors have been introduced to increase first time fix rates, productivity, and customer satisfaction.
- A service review of both Voids and Repairs was completed along with a scrutiny review of the Repairs Service by the Community Select Committee. The agreed recommendations have/will feed into improvement plans to be delivered over the next 12-18 months.
- Following a review of current arrangements, new interim contractors were appointed to support the Repairs Service, including for specialist works such as roofing, pending a procurement process to award longer-term contracts in 2024/25.
- 'Booking Hub' the new online reporting tool for repairs, which will allow customers to select their own repair appointment times, has been released in-house and testing is being carried out. Once this is complete, the system will be rolled out to residents.

**Information regarding continued enhancement activity proposed for 2024/25 is outlined in the Planned Improvement Activity for 2024/25 section at the end of this document**

**Principle E: Leadership capacity and capability**

**Principle E: Developing the organisation's capacity, including the capability of its leadership and the individuals within it. The appropriate structures and leadership, as well as people with the right skills and values, enable the Council to operate efficiently and effectively and achieve the best possible outcomes for the community.**



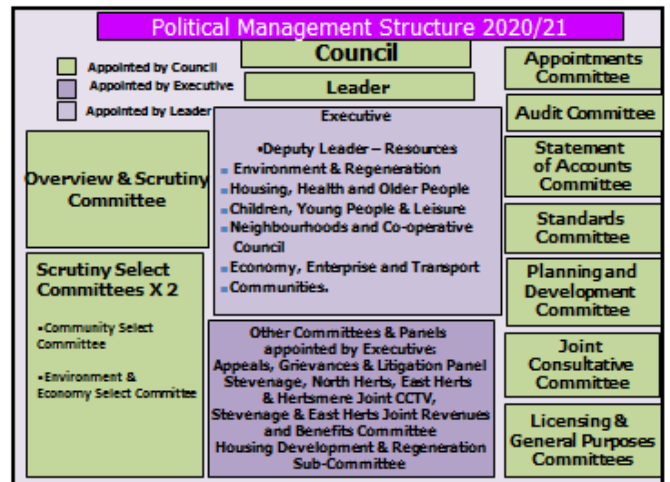
**Summary of 2023/24 Review of Effectiveness:**

**The Council’s Political Management Structure:**

The Political Management Structure diagram summarises the Council’s political structure.

All Councillors meet together as the Council. Meetings are generally open to the public and feature a main topical debate item.

The Council has an approved Constitution which details how the Council operates, how decisions are made, including delegation of decisions and the procedures that are to be followed to ensure that these are efficient, transparent and accountable to local people. The Monitoring Officer ensures that the Constitution remains fit for purpose, that legal requirements are met and that the public interest is paramount in all decision making.

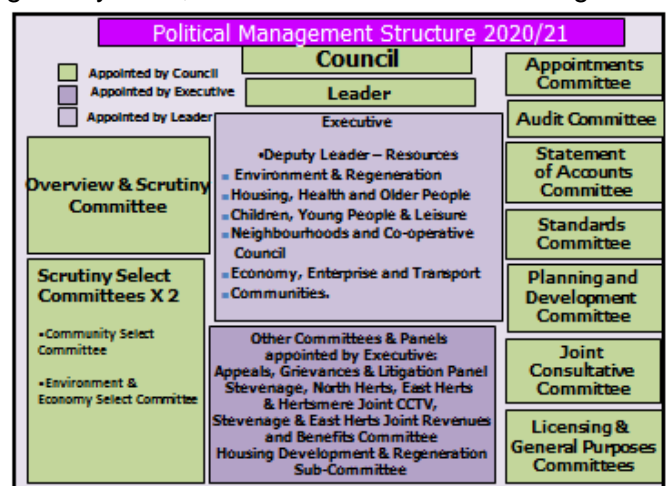


Executive, Council and Overview and Scrutiny meetings are recorded and are available via You Tube which means that members and the public can view these meetings at a time convenient to them. This has the benefit of improving scrutiny and reaching a wider audience.

Audit Committee meets quarterly, and its duties include advising and commenting on internal and external audit matters, treasury management, anti-fraud and corruption issues, risk management and governance, the Council’s Constitution in respect of Contract Standing Orders and Financial Regulations and the Statement of Accounts and related Capital determinations. The Audit Committee has been constituted in line with best practice recommendations from CIPFA guidance.

The Council has structured its processes and procedures for the Executive and Scrutiny Committees plus other Committees such as the regulatory ones, to minimise the risk of it acting in contravention of its own policies and external laws and regulations. The Council also appoints officers qualified to undertake statutory responsibilities, such as:

- Chief Financial Officer (Strategic Director (Chief Finance Officer)) as contained within Section 114 of the Local Government Finance Act 1988.
- Monitoring Officer (Borough Solicitor) to meet Section 5 of the Local Government and Housing Act 1989.



There is a Modern Members Programme which provides Members with a programme of training to ensure they have the skills and knowledge to ensure effective and informed decision making. This training programme covers essential skills such as understanding budgets as well as topical items and briefing on new legislation. The Modern Members Programme is arranged for all elected members, based on their feedback and requests. There is also a programme of induction training and meetings with key officers for newly elected Members.

**The Council’s Officer Structure:**

The Council aims to create a flexible, collaborative, creative and modern workforce to ensure the Council can deliver the priorities set out in its Corporate Plan and give residents the standard of services they expect.

The senior leadership team has been structured to drive the development of a sustainable, customer orientated and commercial operating model. The model is focused upon delivering the right services to the right standards, at the right time for the town’s residents and businesses, using the most cost/resource effective delivery models.

The Council uses a Human Resources Management system to support workforce 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.

The Council has a staff Performance and Improvement Policy and Manager Toolkit, as well as associated policies (Absence Management, Dignity at Work, Disciplinary, Grievance and Appeals policies, Organisational Change Policy, Sickness Absence Policy, Social Media Policy) to encourage all employees to personally deliver the highest standards of service possible and for managers to proactively address performance issues. The Council has a rolling appraisal process called REAL Conversations with regular meeting arrangements providing a framework for achieving the best performance on a day-to-day basis. These conversations typically include objectives, development, engagement and wellbeing, but they are also tailored to individuals.

**Arrangements reflect those summarised in the Council’s Local Code of Corporate Governance – No significant requirements to enhance governance have been identified.**

**Principle F: Managing Risks – The Council’s risk governance arrangements**

**Principle F: Managing risks and performance through robust internal control and strong public financial management. Risk management, together with a strong system of financial management are integral parts of a performance management system and are crucial to the achievement of outcomes.**

**Summary of 2023/24 Review of Effectiveness:**



**Risk Management**

The Council consider and counter risk across a broad range of areas. The Council has an approved Risk Management Policy and a Risk Management Guide is available to all employees. Strategic risks are linked to the Council’s priorities and the Strategic Risk Register is reviewed and monitored on a quarterly basis. Operational risks are also developed and monitored.

A Corporate Risk Management Group meets quarterly to oversee and review the process and development of the Council’s approach to risk. Risks are reviewed by the Council’s Senior Leadership Team each quarter and then reported to the Executive and Audit Committee quarterly.

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

The Council expects the highest standards of conduct and integrity from all who have dealings with it including staff, members, contractors, and the public. It is committed to the elimination of fraud and corruption and to ensure that all activities are conducted ethically, honestly and to the highest possible standard of openness and accountability to protect public safety and public money. To ensure this, the Council is a member of the Hertfordshire Shared Anti-Fraud Service which is operated by Hertfordshire County Council. The Shared Anti-Fraud service is a fraud prevention and investigation service. The service also works with the Council to ensure it has the right strategies, policies, training, awareness and understanding of fraud prevention methods and ensures that staff are skilled and trained appropriately to prevent fraud. The Shared Anti-Fraud Service's annual Action Plan ensures compliance with best practice issued by central government, National Audit Office and CIPFA. The Service reports quarterly to Audit Committee on its work.

To prevent or report fraud, the Council has an Anti-fraud and Corruption Policy as well as a Whistle-blowing Policy, Anti-Bribery and Fraud Sanctions policies.

Risk Management and Treasury Management Training was offered to Members of the Audit Committee in January 2024. Fraud prevention training was offered to all Members in February 2024.

### Information Technology

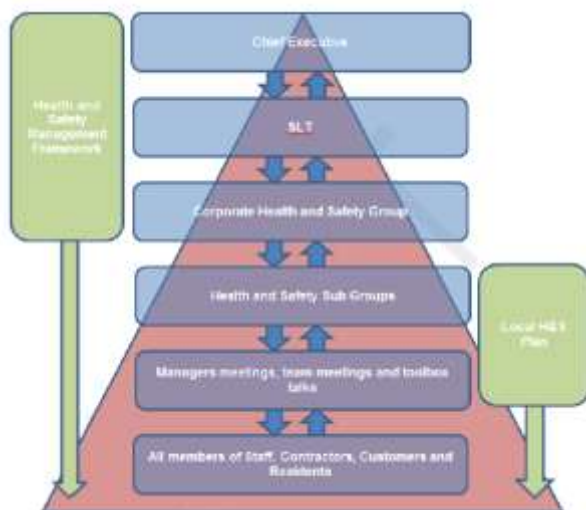
The ability to identify and assimilate new technologies is an integral part of the Council's aim to achieving its strategic objectives. The Council has a Shared ICT service with East Herts District Council. The shared ICT service is responsible for developing the shared ICT platform as well as delivering ICT services.

A joint Stevenage/East Herts ICT Partnership Board meets every month to consider the strategic direction of the service. A Joint (Member led) Committee Board, to review the ICT Improvement Programme meets quarterly.

The ICT service is committed to embracing new digital opportunities to better meet the needs of residents, achieve savings and transform services. A secure, resilient, effective, and forward-looking Technology Service is critical in delivering these aims.

### Health and Safety

Figure 14: Council's Health and Safety Framework



To ensure and maintain corporate wide oversight and clarity on health and safety compliance and performance across the Council, a corporate health and safety governance structure is in place that provides assurance to senior management that health and safety assessments and activity across the Council are being effectively managed. Assistant Directors have ensured that health and safety responsibilities at each level of management within their business units are clear. An ongoing schedule of review by Assistant Directors and internal/external peers is providing assurance that key health and safety risks are being suitably controlled while identifying areas where improvements can be made and including these into the

ongoing action plan. Senior management representation on the Strategic Health and Safety Group ensures the group is providing senior management with the assurances that are required. The Council has a complete database of health and safety risk assessments for all services.

Embedding of the Health and Safety framework is being achieved by a process of internal and external audits, peer reviews, shadow health and safety inspections, risk assessment reviews, training to upskill managers, health and safety group meetings, hazard monitoring and action plans

Alongside e-learning health and safety packages there is now a range of toolbox talks available, plus courses on Risk Assessment, Construction, Design and Management Regulations, Manual Handling, COSHH, Hand Arm Vibration, Legionella, Needle sticks, Sharps and Diseases, Hot Works, and Noise.

### **Business Continuity**

The Council has business continuity plans for all of its key services and a Corporate Business Continuity Plan is in place to manage the corporate response to an incident. A full review of each service's Business Impact Analysis has recently been carried out to reflect new ways of working since the Covid pandemic and these are currently being reflected in updated service business continuity plans.

### **Information and Records Governance**

New General Data Protection Regulations were approved by the EU Parliament on 14 April 2016 and were enforced on 25 May 2018. The primary objectives of these regulations are to give citizens and residents control of their personal data and to simplify the regulatory environment.

Overall responsibility for information management at the Council has been assigned to the Council's Information and Records Governance Manager. The Council has identified and documented its information assets and data flows and developed an information asset register.

The Council has a Data Protection Policy as well as an Information Security Incident Management Policy and Procedure which defines the Council's procedures in response to any actual or suspected data security incident. Specific guidance on records management with defined responsibilities of information asset owners has been developed. Document retention guidance has been produced and communicated to all members of staff, which includes a defined and enforced corporate records retention schedule in line with the requirement of the GDPR and good practice. There are also defined procedures in place for the disposal and destruction of information. All staff are required to complete GDPR e-learning and keep their knowledge up to date.

### **Building Safety and Social Housing Compliance**

A current key focus for local authorities, housing associations and landlords is to ensure compliance with the new Building Safety Act and the Social Housing Regulation Act.

#### **Building Safety Act**

The new Building Safety Act received Royal Assent in April 2022. The Act focuses on the safety of 'higher-risk buildings (buildings which are at least 18 metres or 7 storeys high with 2 or more residential units) from design stage through to management once occupied. It is the government's response to the Grenfell Tower fire and recommendations from the subsequent Hackitt review.

The Act give residents and homeowners more rights, powers and protection. It will deliver protections for qualifying leaseholders from the costs associated with remediating historical building safety defects and a toolkit of measures that will allow those responsible for building safety defects to be held to account



The Act creates three new bodies to provide effective oversight of the new regime: the Building Safety Regulator, the National Regulator of Construction Products and the New Homes Ombudsman.

Many of the detailed provisions in the Act will be implemented through a programme of secondary legislation. The Building Safety Act 2022 will be fully enforceable by October 2024, although some areas of the Act will become enforceable earlier.

### Fire Safety Act

In addition, on 1<sup>st</sup> October 2023, new fire safety guidance came into force for all buildings regulated by the Regulatory Reform (Fire Safety) Order 2005. The new regulations improve cooperation and coordination between Responsible Persons, increase requirements in relation to the recording and sharing of fire safety information, make it easier for enforcement authorities to take action against non-compliance, and ensure residents have access to comprehensive information about fire safety in their building.

These regulations make it a requirement in law for responsible persons of high-rise blocks of flats to provide information to Fire and Rescue Services to assist them to plan and, if needed, provide an effective operational response. The regulations also require responsible persons in multi-occupied residential buildings which are high-rise buildings, as well as those above 11 metres in height, to provide a range of additional safety measures. In all multi-occupied residential buildings, the regulations require responsible persons to provide residents with fire safety instructions and information on the importance of fire doors.

### Social Housing Regulation Act 2023

The Social Housing Regulation Act received Royal Assent in July 2023. The Act forms a new era of regulation for the social housing sector, aiming to give tenants greater powers and improve access to quick and fair solutions to problems.) The measures will:

- Enable the Regulator for Social Housing (RSH) to intervene with landlords who are performing poorly on consumer issues, such as complaints handling and decency of homes, and to act in the interest of tenants to make sure issues are rectified.
- Enable the RSH to inspect landlords to make sure they are providing tenants with the quality of accommodation and services that they deserve.
- Guarantee timely action where the RSH has concerns about the decency of a home by only requiring 48 hours' notice to a landlord before a survey is carried out.
- Provide powers for the RSH to arrange emergency repairs of tenants' homes (following a survey and where there is evidence of systemic failure by the landlord), ensuring that serious issues are resolved rapidly where a landlord is unable or unwilling to act.
- Remove the cap on the fines that the RSH can issue to a landlord who fails to meet required standards.
- Landlords must ensure that the accommodation they provide is free from serious hazards, including damp and mould, and that homes are fit for habitation. They must treat cases of damp and mould with the utmost seriousness and act promptly to protect their tenant's health.
- Require Landlords to report against Tenant Satisfaction Measures which will allow tenants to see how their landlord is performing compared to other landlords and help the RSH decide where to focus its attention.
- Ensure tenants of housing associations will be able to request information from their landlord in a similar way to how the Freedom of Information Act works for tenants of Local Authority landlords

Pages 30 to 33 outlines the proposed actions for 2023/24 and for 2024/25 to ensure compliance with the above new Act.

**Progress of significant governance action to facilitate compliance with the CIPFA/SOLACE Governance Framework:****Cyber Security and IT Resilience:**

- Work has been carried out to complete the actions identified in the Cyber Treatment Plan.
- SOCITM were commissioned to design the Future Operating Model for the Joint IT Service. The recommended Future Operating Model was agreed by the Joint Information Communication Technology Committee at its meeting on 2<sup>nd</sup> October 2023 and by the SBC Executive in November 2023. Funding to implement the review has been agreed by both Stevenage Borough Council and East Herts District Council.
- Work has commenced to gain Cyber Assessment Framework accreditation. The Framework provides a systematic and comprehensive approach to assessing the extent to which cyber risks to essential functions are being managed.
- The roll out of Microsoft 365 is now complete as well as the removal of unsupported servers.
- New procedures are being implemented to enhance recording, management and monitoring of software licence information and the Council's software licensing policies are being reviewed.

**Information regarding continued enhancement activity proposed for 2024/25 is outlined in the Planned Improvement Activity for 2024/25 section at the end of this document**

**Progress of significant governance action to facilitate compliance with the CIPFA/SOLACE Governance Framework:**

**Corporate Health and Safety:** All high risks are reviewed by the Strategic Health and Safety Group and reported to Corporate Risk Group and the Senior Leadership Team quarterly. The monitor is also reviewed by the Chief Executive at monthly HR meetings.

**Information regarding continued enhancement activity proposed for 2024/25 is outlined in the Planned Improvement Activity for 2024/25 section at the end of this document**

**Progress of significant governance action to facilitate compliance with the CIPFA/SOLACE Governance Framework:**

**Compliance of the Council's Non-Housing Property:** The new Asset Management System has been uploaded with commercial properties and data checks of the information are being carried out. The new Computer Aided Facilities Management System is now live.

**Information regarding continued enhancement activity proposed for 2023/24 is outlined in the Planned Improvement Activity for 2023/24 section at the end of this document**

**Progress of significant governance action to facilitate compliance with the CIPFA/SOLACE Governance Framework:**

**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, the following action has been taken in 2023/24:

- Housing staff have received initial training to enable them to complete Personal Emergency Evacuation Plans and are completing these for residents of flat blocks in scope of the Act. Training continues as required.
- All buildings within scope of the Act have been inspected and this has identified remedial work. It is anticipated that remedial work will commence in 2024/25.
- The fire door inspection programme is up to date and is now an ongoing programme. Essential repairs have been carried out at the five high rise buildings pending replacement of doors.
- Floor and building plans have been developed for buildings within scope of the Act and uploaded to Fire and Rescue website, added to each building's Security Information Box and will be kept under review and amended as necessary.
- The Fire Risk Assessment Prioritisation Tool has been implemented.
- Wayfinding and signage in flat blocks within scope of the legislation has been installed or is part of an ongoing programme.
- All the required building safety cases were submitted to the Regulator by the deadline of April 2024.

**Information regarding continued enhancement activity proposed for 2024/25 is outlined in the Planned Improvement Activity for 2024/25 section at the end of this document**

**Progress of significant governance action to facilitate compliance with the CIPFA/SOLACE Governance Framework:**

**Social Housing Regulation Act:** To deliver the proposals set out in the new Social Housing Regulation Act, which aims to drive landlords' compliance with new consumer standards the following action has been taken in 2023/24:

- Briefed the Council's Executive, senior leaders and managers on the new Act and what the Council needs to do to comply.
- Completed a consumer regulations self-assessment toolkit provided by the Housing Quality Network
- Produced an action plan. The main themes are around policies and procedures
- A communication plan has been produced to promote housing work and encourage engagement
- Held two away days to go through specific areas of the consumer regulations with managers across the Council involved in Housing workstreams
- Implemented new tenant satisfaction measure reporting from April 2023.
- The Council's Shared Internal Audit Service carried out review of compliance with the tenant satisfaction measures, specifically data quality, accountability, reporting arrangements and governance
- Tpas (external tenant engagement consultants) have been commissioned to provide a resident engagement framework for the Council to implement.
- Bi-weekly complaints clinic has been set up to review handling of complaints
- SLT group set up to consider new complaints system, revision of policy/procedures required by the Ombudsman and the Regulator

**Information regarding continued enhancement activity proposed for 2023/24 is outlined in the Planned Improvement Activity for 2023/24 section at the end of this document**

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

**Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability** will ensure that the Council provides information regarding the completion of actions in a timely and understandable way.

**Summary of 2023/24 Review of Effectiveness:**

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 Executive
- Quarterly FTFC and corporate performance status reports to Executive
- Annual publication of Statement of Accounts
- Publication of the Annual Governance Statement
- the Council's Annual Report

Compliance to provide information as outlined 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 2023/24 arrangements is set out on pages 5 to 7 of this Statement outlining assurance for both financial and non-financial systems.

For 2023/24 the Shared Internal Audit Service assigned 'substantial' assurance for financial systems and 'reasonable' assurance to non-financial systems. Actions to enhance governance for the areas highlighted have been identified and prioritised.

Due to audit delays, at the time of writing, the Council's External Auditors, Ernst and Young, have not as yet provided their Annual Audit Letter for 2022/23, advising whether the Council's financial statements give a true and fair view of the financial position of the Council at 31 March 2023 and its expenditure and income for the year then ended. The Auditors have also not as yet confirmed their opinion as to whether the Council has put in place proper arrangements to secure value for money in our use of resources and that our Annual Governance Statement for 2022/23 was consistent with Ernst and Young's understanding of the Council.

**Arrangements reflect those summarised in the Council's Local Code of Corporate Governance – No significant opportunities to enhance governance have been identified**

**Planned Improvement Activity for 2024/25:****Best Value Self-Assessment**

The statutory Best Value Duty is set out under section 26 of the Local Government Act (1999) and requires local authorities 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 July 2023, the Department for Levelling Up, Housing & Communities (DLUHC) launched a consultation on draft Best Value Duty (BV) guidance. In 2023/24, to help inform



understanding of its own best value position, the Council undertook a self-assessment against the 7 principle 'characteristics of a well-functioning authority':

- Continuous Improvement
- Leadership
- Governance
- Culture
- Use of Resources
- Service Delivery
- Partnerships & Community Engagement

As part of this work, opportunities where the Council could build on existing good practice were identified:

### **Continuous Improvement**

- 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)
- 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
- 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
- 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'
- Audit of Service Assurance Statements to be added to the 2025/26 SIAS programme of work.

### **Leadership**

- The Council will implement a budget process development model for 2025/26 which is aligned with key outcomes identified in Service Plans
- All Service Plans (currently held corporately) will be made accessible online to the SLT throughout the year via Microsoft Teams

### **Governance**

- 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 where appropriate)
- Through the new Member training programme, a session on the importance of scrutiny and existing scrutiny functions will be arranged
- Introduce a single annual performance and forecast review report for Stevenage Borough Council companies
- Introduce a twice yearly SLT Complaints Report on key complaints themes identified through the Annual Complaints and Service Improvement Report

### **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

Actions identified under the **Service Delivery, Culture and Partnership & Community Engagement** principles are currently being delivered through other programmes of work for 2024/25, this includes activities within Service Plans 24/25, such as commissioning the Residents & Tenants Survey 2024, the work being delivered through the IT Strategy and Action Plan, and the 5 Year Transformation Plan.

In May 2024, the Government formally published updated Best Value Guidance and work is underway within the Council to review requirements to ensure that it continues to build upon existing good practice and demonstrate ongoing fulfilment of the continuous improvement principle of the best value duty.

### Significant Internal control and governance actions

Significant internal control and governance issues identified as part of the 2023/24 review of the Governance Statement identified in the relevant section throughout this Statement and 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. 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.

Action
<p><b>To ensure that the General Fund Asset Management Strategy can deliver an effective mechanism to manage incoming investment as well as disposal of the Council's assets, the following activity is planned:</b></p> <ul style="list-style-type: none"> <li>• Complete the implementation of new property data management software to manage the Council's assets</li> <li>• Continue the review of the council's commercial portfolio</li> <li>• Create a Facilities Management Service Strategy that defines the services provided, to what standard and who is responsible for delivery</li> <li>• Enhance contract management arrangements with compliance contractors</li> <li>• Produce a training plan for the Facilities Management service</li> <li>• Produce a programme of remedial work with contractor</li> <li>• Review structure for Property, Facilities Management and Estates to ensure they are adequately resourced to support the future needs of the organisation</li> <li>• Procure appropriate call off contracts to support the Property and Estates functions by providing additional professional expertise</li> <li>• Produce a Corporate Framework of internal responsibilities outlining the role of the corporate landlord and the occupying organisation service functions</li> </ul>
<p><b>Making Your Money Count: 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:</b></p> <ul style="list-style-type: none"> <li>• Continue to find savings as part of the 2025/26 budget setting process, incorporating the work around the four transformation themes and the work of the Commercial Team</li> <li>• Robustly undertake budget monitoring to ensure all costs are accurately forecasted and profiled</li> <li>• Continue to look for new revenue streams</li> </ul>

Action
<p><b>Commercialisation: To ensure that the Council's ambitious Co-operative Commercial and Insourcing Strategy can be achieved, a programme of work is required:</b></p> <p>Commercial activity in 2024/25 will focus on the growth of income from existing commercial services and concessions contracts and will see the launch of new commercial services into the marketplace. Workshops with service managers for fees and charges setting 2025/26 will commence in June 2024. As per the Insourcing Roadmap 2023-26, a review of all services provided to or on behalf of the Council by external suppliers or third parties will continue. There will also be an accompanying review of contract management processes across the Council.</p>
<p><b>As a result of the combined socio-economic impacts of welfare reform, the Covid-19 pandemic, and an economic downturn the following action is planned:</b></p> <ul style="list-style-type: none"> <li>• Continue to develop and update the online Cost of Living information hub on the Council's website</li> <li>• Continue to work with partners including Citizen's Advice and the Money Advice Unit to offer residents a comprehensive advice and support service</li> <li>• Continue to operate and promote the Warm Spaces scheme, utilising public, community, and other buildings to offer comfort during the winter months</li> <li>• Continue to promote availability of local employment opportunities and skills and training courses (including funding available to support access) to help raise awareness and confidence for people to increase income and improve their financial wellbeing.</li> <li>• Develop and implement decarbonisation schemes to reduce Council and tenant costs.</li> <li>• Continue to work through the Stevenage Together partnership to share learning and best practice and to co-ordinate activity where appropriate.</li> <li>• Continue to work with the County and district and borough councils in Hertfordshire to share learning and best practice and to co-ordinate activity where appropriate.</li> <li>• Further develop the use of the Social Value Portal to divert funding from Council contractors to local skills development and key local investment priorities.</li> </ul>
<p><b>IT Resilience and Cyber Security: The Shared IT Service to continue to implement the IT Strategy and Action Plan to enhance IT infrastructure, cyber security, IT resilience by:</b></p> <ul style="list-style-type: none"> <li>• Complete the implementation of the new ICT structure</li> <li>• Implement the agreed new Target Operating Model for the ICT service (the new structure and roles and governance structure).</li> <li>• Further develop cyber security policies</li> <li>• Gain Cyber Assessment Framework Accreditation</li> <li>• Complete the actions contained in the Cyber Treatment Plan</li> <li>• Continue the work to implement new procedures to enhance recording, management and monitoring of software licence information and review the Council's software licensing policies</li> </ul>

Action
<p><b>Health and Safety: Continue to enhance and embed health and safety compliance and performance by:</b></p> <ul style="list-style-type: none"> <li>• Continue the rolling programme of internal and external audits for medium and high-risk services</li> <li>• Complete the implementation of health and safety enhancements for the Council's identified health and safety risks</li> </ul>
<p><b>Council Housebuilding and Acquisitions Programme: To ensure the Council can deliver new council owned homes as programmed the following action is planned:</b></p> <ul style="list-style-type: none"> <li>• Appointment of principal contractors for pipeline schemes currently progressing through Planning</li> <li>• Completion of Dunn Close and Courtlands schemes for a total of 44 new homes</li> <li>• Ongoing work to secure additional external funding for major projects including The Oval</li> </ul>
<p><b>Repairs and Voids To enhance the Repairs and Voids service, the following action is planned:</b></p> <ul style="list-style-type: none"> <li>• Deliver improvement plan for Repairs including: <ul style="list-style-type: none"> <li>- Continue to consider opportunities to upskill the workforce and maximise productivity.</li> <li>- Procurement of support contractors – to demonstrate VFM and ability to deliver to required quality and timescales in accordance with agreed service standards.</li> <li>- Make best use of technology – for example leverage the benefits of mobile solutions to capture tasks and manage workflow. Frontline teams to be enabled to view existing repairs and raise new repairs.</li> <li>- Improve diagnosis of repairs at first point of contact.</li> <li>- Customer engagement – to help shape new service model, demonstrate learning from complaints. Improve communications with customers and their perceptions of and satisfaction with the service.</li> <li>- Service delivery framework - to enhance collaboration between asset management and repairs teams balanced with clear accountabilities.</li> </ul> </li> <li>• Deliver improvement plan for Voids including: <ul style="list-style-type: none"> <li>- procurement of voids contractor</li> <li>- business case for future delivery model to be presented to Executive for approval</li> </ul> </li> <li>• Cross-cutting actions: <ul style="list-style-type: none"> <li>- establish client/contractor functions and review staffing resources.</li> <li>- review policies, processes, and procedures.</li> <li>- set out clear service standards for which we can be held accountable for by customers.</li> <li>- benchmarking: costs, standards, and performance</li> </ul> </li> </ul>
<p><b>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 following actions are planned:</b></p> <ul style="list-style-type: none"> <li>• Creation of service plans for 2024/25 in all service areas to ensure resource planning</li> <li>• HR team to continue working with service leadership teams to prioritise recruitment and associated support plans</li> <li>• Roll out of new Workforce Strategy</li> </ul>

Action
<p><b>Social Housing Regulation Act: To deliver the proposals set out in the Social Housing Regulation Act which will give tenants greater powers, improve access to swift and fair redress and enhance the powers of the Regulator of Social Housing, the following action is planned:</b></p> <ul style="list-style-type: none"> <li>• Development and implementation of an engagement framework 'Working Cooperatively to give Tenants a Voice Strategy'</li> <li>• Through the work of the Executive Housing Working Group implement the process for benchmarking the 12 Tenant Perception measures and 10 management data measures which local authorities will be required to report on from March 2024</li> <li>• Continue with the rolling 5-year stock condition survey programme.</li> <li>• Develop and publish a new Communications Plan</li> <li>• Review and approve new Damp, Mould and Condensation Policy</li> <li>• Review end to end processes to ensure compliance with the Social Housing Regulation Act including Awaab's Law once enacted and improve customer experience</li> <li>• Procurement of new support contractors</li> <li>• Make better use of technology including mobile solutions</li> <li>• Setting and monitoring of KPI's to manage performance (proposals for inclusion in strategic KPI suite for 2024/25)</li> </ul>
<p><b>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, the following actions is planned:</b></p> <ul style="list-style-type: none"> <li>• Contractors to be appointed to carry out remedial works identified as a result of building inspections via procurement process</li> <li>• Remedial work to be carried out by contractors</li> <li>• Ongoing compliance monitoring to be carried out to ensure requirements of the Building and Fire Safety Acts are being met</li> </ul>
<p><b>Climate Change: To ensure Stevenage can meet the government's net zero target for the town by 2050, the following action is planned:</b></p> <ul style="list-style-type: none"> <li>• Creation of a Climate Change Risk Register to assess the effects of climate change for SBC/Stevenage</li> <li>• Generation of Pathway 1,2 and 3 reports to outline current working areas and recommendations to SLT</li> <li>• Launch of Climate Action Plan portal</li> <li>• Produce a Climate Change Action Plan based on the Climate Change Risk Register</li> <li>• Promote government schemes and grants to the public to encourage decarbonisation town wide</li> <li>• Upgrade the SBC Local Plan to include improved Climate Change considerations</li> <li>• Work with businesses in Stevenage to encourage sustainable procurement</li> <li>• Bid to central government for funding SBC lead carbon reduction projects.</li> </ul>
<p><b>Digital Switchover: To ensure that there is no disruption as a result of the changeover from analogue to digital lines the following action is planned:</b></p>

Action
<ul style="list-style-type: none"> <li>• Convert careline telephone lines at the Council's Independent Living Schemes by October 2024</li> <li>• Identify and convert any remaining analogue lines within the Council's commercial and housing stock.</li> </ul>
<p><b>Court Cost Management: To enhance arrangements for managing court costs, the following actions is planned:</b></p> <ul style="list-style-type: none"> <li>• Procedures for capturing and recording expected income from court costs/compensation awarded and assigning associated roles and responsibilities</li> <li>• Mechanisms to monitor cases where judgements have been made in favour of the Council and costs/compensation awarded.</li> </ul>

### 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 31-35.

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.

Cllr Richard Henry  
12 February 2025  
Leader of Stevenage Borough Council

Matthew Partridge  
12 February 2025  
Chief Executive of Stevenage Borough Council

## Glossary of Terms

### Actuarial Gains and Losses

Changes in the net pensions liability that arise because:  
Events have not coincided with assumptions made at the last actuarial valuation, or  
The actuarial assumptions have changed

### Agency Services

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

### Amortisation

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

### Appointed Auditors

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

### Balances

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

### Budget

A statement defining in financial terms, the Council's policies over a specified period of time.

**Original Budget** the estimate for a financial year approved by the Council before the start of the financial year.

**Working Budget** – an updated revision of the original budget for the financial year approved at Executive Meetings and/or Council Meetings throughout the year

### Capital Expenditure

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

### Capital Receipts

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



**Capital Financing Costs**

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

**Code of Practice**

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

**Community Infrastructure Levy**

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

**CIPFA**

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

**Collection Fund**

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

**Community Assets**

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

**Contingent Asset**

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

**Contingent Liability**

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

**Council Tax**

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

**Debt Charges**

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

**Defined Benefit Scheme**

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

**Depreciation**

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

**Earmarked Reserve**

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

**Exceptional Items**

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

**Extraordinary Items**

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

**Fees and Charges**

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

**General Fund**

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

**Going Concern**

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

**Government Grants**

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

**Heritage Assets**

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

**Housing Revenue Account (HRA)**

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

**Impairment**

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

**Infrastructure Assets**

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

**Interest on Balances and from Investments**

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

**Non Domestic Rates (NDR)**

A levy on businesses based on a notional rate in the pound (multiplier) set by Central Government and multiplied by the ‘rateable value’ (RV) of the premises they occupy. The amount depends on the RV assigned to the property by the District Valuer and the multiplier, which is uniform across the whole country.

The government compensates the council through a S31 grant for additional NDR reliefs announced in recent budgets

**Net Book Value**

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

**Overheads**

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

**Precepts**

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

**Public Works Loan Board (PWLB)**

A government agency established to provide long-term loans to local authorities to finance part of their capital expenditure.

**Rateable Value**

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

**Related Parties**

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

**Revenue Contributions to Capital Outlay**

Contributions from revenue to finance capital expenditure.

**Revenue Expenditure**

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

**Retrospective Restatement**

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

**Surplus**

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

## Report 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 2024, 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 Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. 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 2023/24.

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

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations require the Council to publish its Accountability Statements, which include the financial statements and auditor's opinion, by certain specified dates ('the backstop dates'), which have been put in law with the purpose of clearing the backlog of historical financial statements in English local government. The specified backstop dates include:

- 28 February 2025 for the Accountability Statements for 2023/24; and
- 13 December 2024 for any outstanding Accountability Statements for prior years.

The Council published its outstanding Accountability Statements for 2021/22 and 2022/23 on 5 December 2024, by the required backstop date. However, these Accountability Statements all included a disclaimer of opinion issued by the Council's predecessor auditor.

The 2023/24 backstop date introduced by the Amendment Regulations, and its proximity to the previous backstop date, has impeded our ability to obtain sufficient appropriate evidence upon which to form an opinion on the financial statements for 2023/24 and to rebuild the missing assurance arising from the disclaimer of opinions for the previous two financial years. There has been insufficient time for us to perform all necessary audit procedures. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

### Opinion on other matters required by the Code of Audit Practice

The Strategic Director (Chief Financial Officer) is responsible for the other information. The other information comprises the information included in 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. 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.

### 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.

Because of the significance of the matter described in the 'Basis for disclaimer of opinion' section of our report, we have been unable to consider the form and content of the Annual Governance Statement.

### **Responsibilities of the Council and the Strategic Director (Chief Financial Officer)**

As explained in the Statement of Responsibilities for the statement of accounts, 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 2023/24, 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 2023/24.

### **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 2024.

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 which will be 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 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice 2024 (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 2024, as mandated under the National Audit Office's group instructions, is currently outstanding.

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 2024.

### 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.

*Paul Grady*

### Paul Grady, Key Audit Partner

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